

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 105
Appropriations/Base Budget Committee Substitute Adopted 6/22/21
Third Edition Engrossed 6/25/21
PROPOSED HOUSE COMMITTEE SUBSTITUTE S105-CSMGxfrap-5 [v.5]
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Short Title: 2021 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 18, 2021

A BILL TO BE ENTITLED

AN ACT TO MAKING BASE BUDGET APPROPRIATIONS FOR CURRENT
OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS AND
FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2021."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2021-2023 fiscal biennium, according to the following schedule:

Current Operations - General Fund	FY 2021-2022	FY 2022-2023
EDUCATION		
Community College System		
Requirements	1,689,252,194	1,578,932,772
Less: Receipts	465,006,539	341,917,117
Net Appropriation	1,224,245,655	1,237,015,655



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1			
2	Public Instruction		
3	Requirements	12,685,247,114	12,283,137,091
4	Less: Receipts	2,551,836,616	2,197,523,403
5	Net Appropriation	10,133,410,498	10,085,613,688
6			
7	University of North Carolina		
8	NC A&T University		
9	Requirements	192,014,245	196,029,849
10	Less: Receipts	87,664,443	87,664,443
11	Net Appropriation	104,349,802	108,365,406
12			
13	UNC at Asheville		
14	Requirements	62,523,226	62,523,226
15	Less: Receipts	21,876,242	21,876,242
16	Net Appropriation	40,646,984	40,646,984
17			
18	UNC at Chapel Hill - Academic Affairs		
19	Requirements	668,084,858	650,334,858
20	Less: Receipts	383,711,754	365,711,754
21	Net Appropriation	284,373,104	284,623,104
22			
23	UNC at Chapel Hill - Area Health Ed.		
24	Requirements	54,748,874	49,948,874
25	Less: Receipts	0	0
26	Net Appropriation	54,748,874	49,948,874
27			
28	UNC at Chapel Hill - Health Affairs		
29	Requirements	338,957,192	338,957,192
30	Less: Receipts	131,819,411	131,819,411
31	Net Appropriation	207,137,781	207,137,781
32			
33	UNC at Charlotte		
34	Requirements	430,327,003	430,327,003
35	Less: Receipts	165,165,330	165,165,330
36	Net Appropriation	265,161,673	265,161,673
37			
38	UNC at Greensboro		
39	Requirements	291,392,935	291,392,935
40	Less: Receipts	108,204,808	108,204,808
41	Net Appropriation	183,188,127	183,188,127
42			
43	UNC at Pembroke		
44	Requirements	94,110,944	94,109,865
45	Less: Receipts	15,789,132	15,789,132
46	Net Appropriation	78,321,812	78,320,733
47			
48	UNC at Wilmington		
49	Requirements	249,933,584	249,933,584
50	Less: Receipts	102,044,807	102,044,807
51	Net Appropriation	147,888,777	147,888,777

1			
2	UNC Board of Governors		
3	Requirements	46,140,592	45,980,092
4	Less: Receipts	207,399	46,899
5	Net Appropriation	45,933,193	45,933,193
6			
7	UNC BOG - Aid to Private Institutions		
8	Requirements	351,242,922	235,199,756
9	Less: Receipts	110,000,000	0
10	Net Appropriation	241,242,922	235,199,756
11			
12	UNC BOG - Institutional Programs		
13	Requirements	152,554,940	154,750,158
14	Less: Receipts	0	0
15	Net Appropriation	152,554,940	154,750,158
16			
17	UNC BOG - Related Educational Programs		
18	Requirements	194,570,928	236,970,928
19	Less: Receipts	65,102,939	111,337,939
20	Net Appropriation	129,467,989	125,632,989
21			
22	UNC School of the Arts		
23	Requirements	50,730,632	50,366,379
24	Less: Receipts	16,836,377	16,472,124
25	Net Appropriation	33,894,255	33,894,255
26			
27	Western Carolina University		
28	Requirements	161,859,440	161,897,131
29	Less: Receipts	28,112,897	28,112,897
30	Net Appropriation	133,746,543	133,784,234
31			
32	Winston-Salem State University		
33	Requirements	87,439,197	87,439,197
34	Less: Receipts	22,435,103	22,435,103
35	Net Appropriation	65,004,094	65,004,094
36			
37	Appalachian State University		
38	Requirements	268,283,708	267,783,708
39	Less: Receipts	117,742,367	117,742,367
40	Net Appropriation	150,541,341	150,041,341
41			
42	East Carolina Univ. - Academic Affairs		
43	Requirements	407,120,602	407,123,708
44	Less: Receipts	170,099,826	170,099,826
45	Net Appropriation	237,020,776	237,023,882
46			
47	East Carolina Univ. - Health Affairs		
48	Requirements	92,019,394	92,019,394
49	Less: Receipts	13,133,406	13,133,406
50	Net Appropriation	78,885,988	78,885,988
51			

1	Elizabeth City State University		
2	Requirements	39,493,791	39,493,791
3	Less: Receipts	3,660,169	3,660,169
4	Net Appropriation	35,833,622	35,833,622
5			
6	Fayetteville State University		
7	Requirements	79,732,941	79,732,941
8	Less: Receipts	24,568,975	24,568,975
9	Net Appropriation	55,163,966	55,163,966
10			
11	NC School of Science and Mathematics		
12	Requirements	34,010,685	35,486,077
13	Less: Receipts	3,643,589	2,283,359
14	Net Appropriation	30,367,096	33,202,718
15			
16	NC State University - Academic Affairs		
17	Requirements	876,704,584	874,615,734
18	Less: Receipts	436,172,095	436,172,095
19	Net Appropriation	440,532,489	438,443,639
20			
21	NC State University - Ag. Research		
22	Requirements	73,433,973	73,433,973
23	Less: Receipts	17,662,615	17,662,615
24	Net Appropriation	55,771,358	55,771,358
25			
26	NC State University - Coop. Extension		
27	Requirements	61,382,049	59,619,549
28	Less: Receipts	19,844,142	18,144,142
29	Net Appropriation	41,537,907	41,475,407
30			
31	North Carolina Central University		
32	Requirements	142,038,491	139,027,491
33	Less: Receipts	51,836,529	51,836,529
34	Net Appropriation	90,201,962	87,190,962
35			
36	HEALTH AND HUMAN SERVICES		
37	Aging and Adult Services		
38	Requirements	183,616,972	161,467,252
39	Less: Receipts	133,502,217	79,262,497
40	Net Appropriation	50,114,755	82,204,755
41			
42	Central Management and Support		
43	Requirements	349,780,674	296,903,381
44	Less: Receipts	175,838,593	134,398,061
45	Net Appropriation	173,942,081	162,505,320
46			
47	Child Development and Early Education		
48	Requirements	1,332,946,001	820,360,849
49	Less: Receipts	1,100,774,694	588,197,542
50	Net Appropriation	232,171,307	232,163,307
51			

1	Health Benefits		
2	Requirements	20,132,912,772	18,680,063,733
3	Less: Receipts	16,124,771,146	14,158,570,874
4	Net Appropriation	4,008,141,626	4,521,492,859
5			
6	Health Service Regulation		
7	Requirements	79,807,259	76,463,484
8	Less: Receipts	55,545,312	55,551,537
9	Net Appropriation	24,261,947	20,911,947
10			
11	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
12	Requirements	1,818,045,293	1,655,354,309
13	Less: Receipts	1,006,570,488	847,429,502
14	Net Appropriation	811,474,805	807,924,807
15			
16	Public Health		
17	Requirements	1,359,305,016	978,434,537
18	Less: Receipts	1,192,387,431	814,143,907
19	Net Appropriation	166,917,585	164,290,630
20			
21	Services for the Blind/Deaf/Hard of Hearing		
22	Requirements	42,817,987	42,817,987
23	Less: Receipts	34,028,630	34,028,630
24	Net Appropriation	8,789,357	8,789,357
25			
26	Social Services - General		
27	Requirements	2,159,412,816	1,988,021,934
28	Less: Receipts	1,941,893,547	1,773,959,854
29	Net Appropriation	217,519,269	214,062,080
30			
31	Vocational Rehabilitation Services		
32	Requirements	157,102,121	156,004,374
33	Less: Receipts	115,681,595	115,681,595
34	Net Appropriation	41,420,526	40,322,779
35			
36	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
37	Agriculture and Consumer Services		
38	Requirements	310,724,518	234,573,482
39	Less: Receipts	165,571,495	62,702,696
40	Net Appropriation	145,153,023	171,870,786
41			
42	Department of Commerce		
43	Requirements	562,225,516	248,650,314
44	Less: Receipts	355,760,242	60,667,040
45	Net Appropriation	206,465,274	187,983,274
46			
47	Department of Environmental Quality		
48	Requirements	1,852,290,683	255,831,900
49	Less: Receipts	1,760,083,066	167,980,268
50	Net Appropriation	92,207,617	87,851,632
51			

1	Department of Labor		
2	Requirements	45,510,482	40,516,259
3	Less: Receipts	24,403,193	19,403,020
4	Net Appropriation	21,107,289	21,113,239
5			
6	Department of Natural and Cultural Resources		
7	Requirements	371,983,424	266,541,377
8	Less: Receipts	169,034,903	66,969,903
9	Net Appropriation	202,948,521	199,571,474
10			
11	Wildlife Resources Commission		
12	Requirements	96,944,726	93,444,726
13	Less: Receipts	85,074,562	81,574,562
14	Net Appropriation	11,870,164	11,870,164
15			
16	JUSTICE AND PUBLIC SAFETY		
17	Department of Public Safety		
18	Requirements	2,665,546,958	2,574,327,413
19	Less: Receipts	310,219,836	264,694,836
20	Net Appropriation	2,355,327,122	2,309,632,577
21			
22	Administrative Office of the Courts		
23	Requirements	663,781,969	664,063,254
24	Less: Receipts	17,810,490	1,221,050
25	Net Appropriation	645,971,479	662,842,204
26			
27	Department of Justice		
28	Requirements	89,141,321	85,830,024
29	Less: Receipts	39,820,802	39,820,802
30	Net Appropriation	49,320,519	46,009,222
31			
32	Indigent Defense Services		
33	Requirements	147,220,773	147,668,207
34	Less: Receipts	13,111,025	14,111,025
35	Net Appropriation	134,109,748	133,557,182
36			
37	GENERAL GOVERNMENT		
38	Department of Administration		
39	Requirements	106,372,466	68,490,670
40	Less: Receipts	46,728,770	10,996,974
41	Net Appropriation	59,643,696	57,493,696
42			
43	Office of Administrative Hearings		
44	Requirements	7,889,801	7,902,486
45	Less: Receipts	1,260,671	1,260,671
46	Net Appropriation	6,629,130	6,641,815
47			
48	Office of the State Auditor		
49	Requirements	23,382,615	22,032,615
50	Less: Receipts	7,714,703	6,514,703
51	Net Appropriation	15,667,912	15,517,912

1			
2	Office of State Budget and Management		
3	Requirements	211,443,138	9,943,138
4	Less: Receipts	202,041,780	541,780
5	Net Appropriation	9,401,358	9,401,358
6			
7	OSBM - Special Appropriations		
8	Requirements	7,360,413	4,500,000
9	Less: Receipts	0	0
10	Net Appropriation	7,360,413	4,500,000
11			
12	Office of State Controller		
13	Requirements	27,171,520	27,171,520
14	Less: Receipts	816,202	816,202
15	Net Appropriation	26,355,318	26,355,318
16			
17	State Board of Elections		
18	Requirements	7,727,765	7,727,765
19	Less: Receipts	102,000	102,000
20	Net Appropriation	7,625,765	7,625,765
21			
22	NC General Assembly		
23	Requirements	99,112,240	76,213,664
24	Less: Receipts	22,361,000	561,000
25	Net Appropriation	76,751,240	75,652,664
26			
27	Office of the Governor		
28	Requirements	6,403,698	6,403,698
29	Less: Receipts	898,760	898,760
30	Net Appropriation	5,504,938	5,504,938
31			
32	NC Housing Finance Agency		
33	Requirements	210,660,000	10,660,000
34	Less: Receipts	200,000,000	0
35	Net Appropriation	10,660,000	10,660,000
36			
37	Office of State Human Resources		
38	Requirements	9,164,078	9,164,078
39	Less: Receipts	100,888	100,888
40	Net Appropriation	9,063,190	9,063,190
41			
42	Department of Insurance		
43	Requirements	60,613,960	52,403,560
44	Less: Receipts	16,569,100	8,358,700
45	Net Appropriation	44,044,860	44,044,860
46			
47	NC Industrial Commission		
48	Requirements	22,204,849	22,204,849
49	Less: Receipts	18,427,336	18,427,336
50	Net Appropriation	3,777,513	3,777,513
51			

1	Office of the Lieutenant Governor		
2	Requirements	1,136,853	1,136,853
3	Less: Receipts	0	0
4	Net Appropriation	1,136,853	1,136,853
5			
6	Department of Military and Veterans Affairs		
7	Requirements	9,414,618	9,314,618
8	Less: Receipts	157,328	157,328
9	Net Appropriation	9,257,290	9,157,290
10			
11	Department of Revenue		
12	Requirements	673,433,973	170,147,335
13	Less: Receipts	566,594,741	63,311,155
14	Net Appropriation	106,839,232	106,836,180
15			
16	Department of the Secretary of State		
17	Requirements	16,017,079	15,467,579
18	Less: Receipts	-103,673	-103,673
19	Net Appropriation	16,120,752	15,571,252
20			
21	DST - Other Retirement Plans/Benefits		
22	Requirements	32,555,423	32,555,423
23	Less: Receipts	0	0
24	Net Appropriation	32,555,423	32,555,423
25			
26	Department of State Treasurer		
27	Requirements	49,914,769	49,965,514
28	Less: Receipts	44,955,855	45,006,600
29	Net Appropriation	4,958,914	4,958,914
30			
31	INFORMATION TECHNOLOGY		
32	Department of Information Technology		
33	Requirements	1,059,078,471	86,478,471
34	Less: Receipts	965,511,223	12,911,223
35	Net Appropriation	93,567,248	73,567,248
36			
37	RESERVES, DEBT, AND OTHER BUDGETS		
38	State Capital & Infrastructure Gen. Fund Approp.		
39	Requirements	0	0
40	Less: Receipts	0	0
41	Net Appropriation	0	0
42			
43	State Treasurer - Debt Service - Federal		
44	Requirements	0	0
45	Less: Receipts	0	0
46	Net Appropriation	0	0
47			
48	State Treasurer - General Debt Service		
49	Requirements	673,624,208	649,265,711
50	Less: Receipts	673,624,208	649,265,711
51	Net Appropriation	0	0

1			
2	Statewide Enterprise Resource Planning		
3	Requirements	25,000,000	25,000,000
4	Less: Receipts	25,000,000	25,000,000
5	Net Appropriation	0	0
6			
7	Statewide Reserves		
8	Requirements	1,645,441,272	1,354,412,049
9	Less: Receipts	814,925,000	0
10	Net Appropriation	830,516,272	1,354,412,049
11			
12	CAPITAL		
13	State Fiscal Recovery Fund - Capital		
14	Requirements	50,000,000	0
15	Less: Receipts	50,000,000	0
16	Net Appropriation	0	0
17			
18	Total Requirements	59,331,591,528	51,452,467,648
19	Less: Total Receipts	33,613,746,669	24,795,921,451
20	Total Net Appropriation	25,717,844,859	26,656,546,197

21

22 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in

23 Section 43.2 of this act, the requirements set forth in this section represent the total amount of

24 funds, including agency receipts, appropriated to an agency, department, or institution.

25

26 **GENERAL FUND AVAILABILITY**

27 **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,

28 nontax revenue, and other adjustments used in developing the budget for each year of the

29 2021-2023 fiscal biennium is as follows:

30

	FY 2021-2022	FY 2022-2023
31		
32	Unappropriated Balance Remaining FY 2020-21	457,272,694
33	Actual/Anticipated Reversions	523,224,136
34	Actual Over Collections	6,230,486,722
35	S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)
36	Actual Transfer to Savings Reserve	(877,717,564)
37	Total, Prior Year-End Fund Balance	6,330,906,829
38		
39	Tax Revenue	
40	Personal Income	15,388,100,000
41	Sales and Use	9,681,100,000
42	Corporate Income	1,300,500,000
43	Franchise	840,000,000
44	Insurance	808,900,000
45	Alcoholic Beverages	453,300,000
46	Tobacco Products	258,300,000
47	Other Tax Revenues	155,800,000
48	Subtotal, Tax Revenue	28,886,000,000
49		
50	Non-Tax Revenue	
51	Judicial Fees	216,600,000

1	Investment Income	29,600,000	36,100,000
2	Disproportionate Share	115,400,000	122,500,000
3	Master Settlement Agreement	139,400,000	134,100,000
4	Insurance	100,500,000	103,400,000
5	Other Non-Tax Revenues	217,900,000	220,000,000
6	Subtotal, Non-Tax Revenue	819,400,000	840,300,000
7			
8	Total, Net Revenue	29,705,400,000	30,707,200,000
9			
10	Adjustments to Tax Revenue		
11	Personal Income Tax Changes		
12	Unemployment Income Exclusion	(250,000,000)	-
13	Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
14	Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
15	Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
16	Living Donor Tax Credit	(800,000)	(800,000)
17	Reduce Rate, Change Certain Deductions	(638,000,000)	(1,349,100,000)
18	Sales and Use Tax Changes		
19	CCRC Exemption and Forgiveness	(7,900,000)	(6,500,000)
20	Corporate Income Tax Changes		
21	Deductions for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
22	Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
23	Changes to Historic Rehabilitation Tax Credit	(500,000)	(500,000)
24	Franchise Tax Changes		
25	Eliminate Alternate Property Bases	-	(173,300,000)
26	Insurance Tax Changes		
27	Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
28	Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
29	Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
30	Tobacco Products Tax Changes		
31	Expand Cigar Excise Tax	-	33,700,000
32	Subtotal, Adjustments to Tax Revenue	(1,502,600,000)	(1,563,000,000)
33			
34	Statutorily Required Reservations of Revenue		
35	Savings Reserve	-	(138,075,000)
36	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
37	State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
38	Subtotal, Statutorily Required Reservations Of Revenue	(1,315,000,000)	(1,498,575,000)
39			
40	Reserves		
41	Medicaid Contingency Reserve	(136,000,000)	-
42	Medicaid Transformation Reserve	(185,000,000)	(185,000,000)
43	Information Technology Reserve	(109,661,155)	(169,500,000)
44	Additional Transfer to Savings Reserve	(360,000,000)	(323,183,535)
45	Additional Transfer to SCIF	(2,000,000,000)	(1,154,500,000)
46	State Emergency and Disaster Response Reserve	(800,000,000)	-
47	Transfer to Highway Fund	(250,000,000)	(250,000,000)
48	Wilmington Harbor Enhancements Reserve	(283,800,000)	-
49	Subtotal, Reserves	(4,124,461,155)	(2,082,183,535)
50			
51	Other Adjustments to Availability		

1	Adjustment to Transfer from State Treasurer	-	-
2	Adjustment from Insurance Reg. Fund	-	-
3	UNC/Medicaid Receiveables Transfer	31,305,584	31,305,584
4	Subtotal, Other Adjustments	31,305,584	31,305,584
5			
6	Revised Total General Fund Availability	29,125,551,258	29,202,453,448
7			
8	Less General Fund Net Appropriations	25,717,844,859	26,656,546,197
9			
10	Unappropriated Balance Remaining	3,407,706,399	2,545,907,251

11
12 **SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1, as
13 amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and
14 Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion dollars
15 (\$2,000,000,000) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion
16 one hundred fifty-four million five hundred thousand dollars (\$1,154,500,000) in nonrecurring
17 funds in the 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for
18 the fiscal year in which they were transferred and shall be used in accordance with Part 40 of this
19 act.

20 **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, as
21 amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the
22 sum of three hundred sixty million dollars (\$360,000,000) in nonrecurring funds in the
23 2021-2022 fiscal year and the sum of three hundred twenty-three million one hundred fifty-three
24 thousand five hundred thirty-five dollars (\$323,153,535) in nonrecurring funds in the 2022-2023
25 fiscal year. This transfer is not an "appropriation made by law," as that phrase is used in Section
26 7(1) of Article V of the North Carolina Constitution.

27 **SECTION 2.2.(d)** No funds shall be transferred to the Unfunded Liability Solvency
28 Reserve pursuant to subsection (i) or (j) of G.S. 143C-4-2 during the 2021-2023 fiscal biennium.

29 **SECTION 2.2.(e)** The State Controller shall reserve to the Medicaid Transformation
30 Reserve from funds available in the General Fund the sum of one hundred eighty-five million
31 dollars (\$185,000,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one
32 hundred eighty-five million dollars (\$185,000,000) in nonrecurring funds for the 2022-2023
33 fiscal year. Funds reserved in the Medicaid Transformation Reserve pursuant to this subsection
34 do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article
35 V of the North Carolina Constitution.

36 **SECTION 2.2.(f)** The State Controller shall transfer the sum of three hundred ten
37 million dollars (\$310,000,000) for the 2021-2022 fiscal year and the sum of one hundred ninety
38 million dollars (\$190,000,000) for the 2022-2023 fiscal year from funds available in the Medicaid
39 Transformation Reserve in the General Fund to the Medicaid Transformation Fund established
40 under Section 12H.29 of S.L. 2015-241.

41 **SECTION 2.2.(g)** The State Controller shall reserve to the Medicaid Contingency
42 Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of one
43 hundred thirty-six million dollars (\$136,000,000) in nonrecurring funds for the 2021-2022 fiscal
44 year. Funds reserved in the Medicaid Contingency Reserve pursuant to this subsection do not
45 constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of
46 the North Carolina Constitution.

47 **SECTION 2.2.(h)** There is established in the General Fund an Information
48 Technology Reserve that shall make funds available for information technology project
49 expenditures only upon an act of appropriation by the General Assembly. The State Controller
50 shall reserve to the Information Technology Reserve from funds available in the General Fund
51 the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five

dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred sixty-nine million five hundred thousand dollars (\$169,500,000) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the Information Technology Reserve to State agencies and departments for information technology projects in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

	State Agency or Department	2021-2022	2022-2023
(1)	Office of the State Controller (Budget Code: 19084)	\$25,000,000	\$25,000,000
(2)	Department of Public Instruction (Budget Code: 23515)	48,748,522	37,850,910
(3)	Community College System (Budget Code: 26802)	28,500,000	0
(4)	Administrative Office of the Courts (Budget Code: 22006)	7,412,633	8,405,916

SECTION 2.2.(i) The State Controller shall reserve the sum of eight hundred million dollars (\$800,000,000) in nonrecurring funds for the 2021-2022 fiscal year from funds available in the General Fund to the State Emergency Response and Disaster Relief Reserve established under G.S. 166A-19.42. Funds reserved in the State Emergency Response and Disaster Relief Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(j) The State Controller shall transfer the sum of four hundred sixty-five million one hundred thirty-six thousand nine hundred nine dollars (\$465,136,909) in nonrecurring funds for the 2021-2022 fiscal year from funds available in the State Emergency Response and Disaster Relief Reserve, to be used in accordance with Section 5.9 of this act, and the funds transferred are appropriated for the fiscal year in which they are transferred.

SECTION 2.2.(k) The State Controller shall transfer the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the General Fund to the Highway Fund. Funds transferred to the Highway Fund pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(l). There is established in the General Fund a Wilmington Harbor Enhancement Reserve that shall make funds available for expenditures associated with the Wilmington Harbor Enhancement project only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Wilmington Harbor Enhancement Reserve from funds available in the General Fund the sum of two hundred eighty-three million eight hundred thousand dollars (\$283,800,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the General Fund pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2023, according to the following schedule:

	FY 2021-2022	FY 2022-2023
Highway Fund		
Administration	100,148,404	100,148,990
Division of Highways		
Administration	45,738,718	45,600,056
Construction	187,673,078	92,543,078
Maintenance	1,667,979,846	1,816,606,219
Governor's Highway Safety Program	305,546	305,546
OSHA	358,030	358,030
Aid to Municipalities		
Powell Bill	154,875,000	204,875,000
Other Grants-in-Aid	103,424,350	0
Intermodal Divisions		
Ferry	49,900,556	49,475,639
Public Transportation, Bicycle and Pedestrian	97,421,832	69,394,735
Aviation	134,903,287	131,503,287
Rail	44,613,338	69,613,338
Division of Motor Vehicles	152,450,570	152,428,637
Other State Agencies, Reserves, Transfers	65,947,445	45,947,445
Capital Improvements	860,000	0
Total	\$2,806,600,000	\$2,778,800,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability used in developing the 2021-2023 fiscal biennial budget is shown below:

	FY 2021-2022	FY 2022-2023
Highway Fund Availability		
Actual Over Collections	249,824,965	
Partial Accounting of HTF Cash Advance Repayments	(180,853,086)	
Transfer of Funds to Emergency Reserve		
(G.S. 136-44.2E(b) and (d))	(61,000,000)	
Eliminate Ferry Overdrafts	(7,971,879)	
Beginning Balance	0	0
Motor Fuels Tax	1,672,500,000	1,641,700,000
Licenses and Fees	872,600,000	875,600,000
Highway Short-Term Lease	10,000,000	10,000,000
Investment Income	1,500,000	1,500,000
Transfer from General Fund	250,000,000	250,000,000
Total Highway Fund Availability	\$2,806,600,000	\$2,778,800,000

HIGHWAY TRUST FUND APPROPRIATIONS

1 **SECTION 3.3.** Appropriations from the State Highway Trust Fund to the
2 Department of Transportation for construction and other purposes as enumerated are made for
3 the fiscal biennium ending June 30, 2023, according to the following schedule:
4

5 Current Operations – Highway Trust Fund	FY 2021-2022	FY 2022-2023
6 Program Administration	39,433,938	39,433,938
7 Bonds	93,042,400	93,047,650
8 Turnpike Authority	49,000,000	49,000,000
9 State Ports Authority	45,000,000	45,000,000
10 FHWA State Match	5,104,440	5,104,440
11 Strategic Prioritization Funding Plan for		
12 Transportation Investments	1,320,019,222	1,496,313,972
13 Transfer to Visitor Center	400,000	400,000
14		
15 Total	\$1,552,000,000	\$1,728,300,000

16 **HIGHWAY TRUST FUND AVAILABILITY**

17 **SECTION 3.4.** The Highway Trust Fund availability used in developing the
18 2021-2023 fiscal biennial budget is shown below:
19

21 Highway Trust Fund Availability	FY 2021-2022	FY 2022-2023
22 Actual Over Collections	326,587,369	
23 Partial Accounting of Cash Advance Repayments	180,853,086	
24 STI Projects	(507,440,455)	
25		
26 Beginning Balance	0	0
27 Highway Use Tax	958,300,000	997,900,000
28 Motor Fuels Tax	418,000,000	546,300,000
29 Fees	173,700,000	182,100,000
30 Investment Income	2,000,000	2,000,000
31 Total Highway Trust Fund Availability	\$1,552,000,000	\$1,728,300,000

32 **PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

33 **OTHER APPROPRIATIONS**

34
35
36 **SECTION 4.1.(a)** State funds, as defined in G.S. 143C-1-1, are appropriated for each
37 year of the 2021-2023 fiscal biennium, as follows:

- 38 (1) All budget codes listed in the Governor's Recommended Base Budget for the
39 2021-2023 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are
40 appropriated up to the amounts specified, as adjusted by the General
41 Assembly in this act and as delineated in the Committee Report described in
42 Section 43.2 of this act, or in another act of the General Assembly.
- 43 (2) Agency receipts up to the amounts needed to implement the legislatively
44 mandated salary increases and employee benefit increases provided in this act
45 for each year of the 2021-2023 fiscal biennium.

46 **SECTION 4.1.(b)** Receipts collected in a fiscal year in excess of the amounts
47 appropriated by this section shall remain unexpended and unencumbered until appropriated by
48 the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which
49 the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are
50 appropriated in the amounts necessary to implement this subsection.

1 **SECTION 4.1.(c)** Funds may be expended only for the specified programs,
 2 purposes, objects, and line items or as otherwise authorized by the General Assembly.
 3

4 **OTHER RECEIPTS FROM PENDING AWARD GRANTS**

5 **SECTION 4.2.(a)** Notwithstanding G.S. 143C-6-4, State agencies may, with
 6 approval of the Director of the Budget, spend funds received from grants awarded after the
 7 enactment of this act for grant awards that are for less than two million five hundred thousand
 8 dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital
 9 project. State agencies shall report to the Joint Legislative Commission on Governmental
 10 Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the
 11 House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of
 12 such funds.

13 State agencies may spend up to the greater of one percent (1%) or ten million dollars
 14 (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to
 15 an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget.
 16 State agencies shall report to the Joint Legislative Commission on Governmental Operations, the
 17 chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House
 18 Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such
 19 funds, including specifying the total amount of grants awarded to respond to the emergency.

20 State agencies may spend all other funds from grants awarded after the enactment of
 21 this act only with approval of the Director of the Budget and after consultation with the Joint
 22 Legislative Commission on Governmental Operations.

23 **SECTION 4.2.(b)** The Office of State Budget and Management shall work with the
 24 recipient State agencies to budget grant awards according to the annual program needs and within
 25 the parameters of the respective granting entities. Depending on the nature of the award,
 26 additional State personnel may be employed on a time-limited basis. Funds received from such
 27 grants are hereby appropriated up to the applicable amount set forth in subsection (a) of this
 28 section and shall be incorporated into the authorized budget of the recipient State agency.

29 **SECTION 4.2.(c)** Notwithstanding the provisions of this section, no State agency
 30 may accept a grant not anticipated in this act if acceptance of the grant would obligate the State
 31 to make future expenditures relating to the program receiving the grant or would otherwise result
 32 in a financial obligation as a consequence of accepting the grant funds.
 33

34 **EDUCATION LOTTERY FUNDS**

35 **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the
 36 2021-2023 fiscal biennium are as follows:

	FY 2021-2022	FY 2022-2023
39 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
40 Prekindergarten Program	78,252,110	78,252,110
41 Smart Start	15,000,000	15,000,000
42 Public School Building Capital Fund	100,000,000	100,000,000
43 Needs-Based Public School Capital Fund	110,252,612	138,252,612
44 Public School Repair & Renovation	50,000,000	50,000,000
45 Scholarships for Needy Students	30,450,000	—
46 UNC Need-Based Financial Aid	10,744,733	—
47 Scholarship Reserve Fund for Public Colleges 48 and Universities	0	41,194,733
49 LEA Transportation	21,386,090	21,386,090
50 TOTAL ALLOCATION	\$802,000,000	\$830,000,000

51 **SECTION 4.3.(b)** G.S. 18C-162 reads as rewritten:

1 **"§ 18C-162. Allocation of revenues.**

2 (a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in
3 order to increase and maximize the available revenues for education purposes, and to the extent
4 practicable, shall adhere to the following guidelines:

- 5 (1) At least fifty percent (50%) of the total annual revenues, as described in this
6 Chapter, shall be returned to the public in the form of prizes.
- 7 (2) At least ~~thirty-five~~thirty-eight percent ~~(35%)~~(38%) of the total annual
8 revenues, as described in this Chapter, shall be transferred as provided in
9 G.S. 18C-164.
- 10 (3) No more than ~~eight-five~~ percent ~~(8%)~~(5%) of the total annual revenues, as
11 described in this Chapter, shall be allocated for payment of expenses of the
12 Lottery. ~~Advertising expenses shall not exceed one percent (1%) of the total~~
13 ~~annual revenues.~~
- 14 (4) No more than seven percent (7%) of the face value of tickets or shares, as
15 described in this Chapter, shall be allocated for compensation paid to lottery
16 game retailers.

17"

18
19 **NEEDS-BASED CHANGES**

20 **SECTION 4.4.(a)** Chapter 115C of the General Statutes is amended by adding a new
21 Article to read:

22 "Article 38B.

23 "Needs-Based Public School Capital Fund.

24 **"§ 115C-546.10. Fund created; purpose.**

25 There is created the Needs-Based Public School Capital Fund as an interest-bearing,
26 nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be
27 the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in
28 accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public
29 Instruction shall disburse funds and award grants from the Fund to counties to assist with their
30 critical public school building capital needs.

31 **"§ 115C-546.11. Prioritization; matching requirement; use of funds; maximum awards.**

32 (a) From the monies in the Needs-Based Public School Capital Fund, the Department of
33 Public Instruction shall provide grants to eligible counties for new school construction projects.
34 The Department of Public Instruction shall award grants under this Article in accordance with
35 the following priorities:

- 36 (1) Counties with greater need and less ability to generate sales tax and property
37 tax revenue.
- 38 (2) Counties with a high debt-to-tax revenue ratio.
- 39 (3) The extent to which a project will address critical deficiencies in adequately
40 servicing the current and future student population.
- 41 (4) Projects that will consolidate two or more schools into one new facility.
- 42 (5) Counties that have not received a grant under this Article in the previous three
43 years.

44 (b) Grant funds shall be used for the construction of new school buildings, additions,
45 repairs, and renovations. Grant funds may be used for real property acquisition. Grant funds shall
46 be disbursed in a series of payments based on the progress of the project. To obtain a payment,
47 the grantee shall submit a request for payment along with documentation of the expenditures for
48 which the payment is requested and evidence that the matching requirement contained in
49 subsection (c) of this section has been met. No portion of grant funds may be used to acquire a
50 Leadership in Energy and Environmental Design (LEED) certification. No portion of funds
51 received under this Article may be used for a lease agreement or for the retirement of

1 indebtedness. Grant funds shall be forfeited and shall revert to the Needs-Based Public School
2 Capital Fund for projects awarded a grant under this Article that have not commenced within 24
3 months of the grant award.

4 (c) A county receiving a grant that has a local school administrative unit that receives
5 Small County School System Supplemental Funding according to the most recent formula
6 utilized by the Department of Public Instruction shall not be required to provide matching funds
7 for a grant under this Article. All other counties receiving a grant under this Article shall provide
8 matching funds from county funds, other non-State funds, or a combination of these sources for
9 the grant in the amount of one dollar (\$1.00) for every four dollars (\$4.00) of grant funds.

10 (d) Maximum grant award amounts shall be determined as follows:

11 (1) Up to thirty million dollars (\$30,000,000) for an elementary school.

12 (2) Up to forty million dollars (\$40,000,000) for a middle school or a combination
13 of an elementary and middle school.

14 (3) Up to fifty million dollars (\$50,000,000) for a high school.

15 (e) The Department of Public Instruction shall review projected enrollment to evaluate
16 the reasonableness of a project's size and scope.

17 **"§ 115C-546.12. Grant agreement; requirements.**

18 A county receiving grant funds under this Article shall enter into an agreement with the
19 Department of Public Instruction detailing the use of grant funds. The agreement shall contain at
20 least all of the following:

21 (1) A requirement that the grantee seek planning assistance and plan review from
22 the School Planning Section of the Department of Public Instruction.

23 (2) A progress payment provision governing disbursements to the county for the
24 duration of the school construction project based upon the construction
25 progress and documentation satisfactory to the Department that the matching
26 requirement in G.S. 115C-546.11 has been met.

27 (3) A provision requiring periodic reports to the Department of Public Instruction
28 on the use of disbursed grant funds and the progress of the school construction
29 project.

30 (4) A requirement that matching funds paid by the county pursuant to
31 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

32 (5) A requirement that construction activity commence within 24 months of
33 awarding of grant funds.

34 **"§ 115C-546.13. Reporting.**

35 (a) On or before April 1 of each year, a grant recipient shall submit to the Department of
36 Public Instruction an annual report for the preceding year that describes the progress of the
37 project for which the grant was received. The grant recipient shall submit a final report to the
38 Department of Public Instruction within three months of the completion of the project.

39 (b) On or before May 1 of each year, the Department of Public Instruction shall submit a
40 report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the
41 chairs of the House Appropriations Committee on Education, and the Fiscal Research Division.
42 The report shall contain at least all of the following information for the fiscal year:

43 (1) Number and description of projects awarded.

44 (2) Total cost of each project and amount supported by the Needs-Based Public
45 School Capital Fund.

46 (3) Projections for local school administrative unit capital needs for the next 30
47 years based upon present conditions and estimated demographic changes.

48 (4) Any legislative recommendations for improving the Needs-Based Public
49 School Capital Fund program."

50 **SECTION 4.4.(a1)** Chapter 115C of the General Statutes is amended by adding a
51 new Article to read:

"Article 38C.

"Public School Building Repair and Renovation Fund.

"§ 115C-546.15. Fund created; administration.

There is created the Public School Building Repair and Renovation Fund. The Fund shall be administered by the Department of Public Instruction and shall be used to provide funds to counties for repair and renovation projects for local school administrative units within a county.

"§ 115C-546.16. Fund disbursements; allowable uses.

The Department of Public Instruction shall annually allocate from the Fund to each county in this State the sum of five hundred thousand dollars (\$500,000). Counties shall utilize funds received under this section for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings within local school administrative units located in the county. Funds received under this section shall not be used for the retirement of indebtedness. As used in this section, "public school buildings" has the same meaning as in G.S. 115C-546.2(b)."

SECTION 4.4.(b) Counties previously awarded grant funds from the Needs-Based Public School Capital Fund that have not yet started construction of the project may apply to the Department of Public Instruction to increase the grant award if the maximum grant award or matching requirements in subsection (a) of this section are more beneficial to the county.

SECTION 4.4.(c) Beginning with the 2021-2022 fiscal year, a grant recipient that was awarded funds pursuant to Sections 5.3(d) through (e2) of S.L. 2017-57 shall be subject to the provisions contained in the agreement entered into with the Department of Public Instruction for the administration of the remaining term of the grant.

SECTION 4.4.(d) Sections 5.3(d) through (h) of S.L. 2017-57, as amended by Section 1.1(a) of S.L. 2017-187, Section 1.1 of S.L. 2017-212, Section 5.3 of S.L. 2018-5, and Section 3A.1(a) of S.L. 2018-80, are repealed.

SECTION 4.4.(e) G.S. 115C-546.2(f) is repealed.

SECTION 4.4.(f) Notwithstanding any provision of Article 38B of Chapter 115C of the General Statutes, as enacted by this section, to the contrary, the Department of Public Instruction shall award grants from the Needs-Based Public School Capital Fund for the 2021-2022 fiscal year to the following counties for the following amounts for which no matching funds are required:

- (1) Six million dollars (\$6,000,000) to Wilkes County for construction and renovation at Mt. Pleasant Elementary School.
- (2) Five million dollars (\$5,000,000) to Wilkes County for capital improvements at Wilkes Central High School.
- (3) Twenty million dollars (\$20,000,000) to Wayne County for capital improvements at Rosewood Middle School.
- (4) Four million dollars (\$4,000,000) to New Hanover County for capital improvements at the Southeast Area Technical High School.

LOTTERY COMMISSION/STUDY VIDEO LOTTERY TERMINALS

SECTION 4.4A. By February 1, 2022, the North Carolina State Lottery Commission (Commission) shall do all of the following:

- (1) Review the utilization of video lottery terminals in other jurisdictions and the legal and operational issues involved in utilizing video lottery terminals in this State.
- (2) Estimate the potential revenues that could be derived from the deployment of video lottery terminals in this State, if allowed by law.
- (3) Make recommendations regarding the modifications of Chapters 14 and 18C of the General Statutes, and any other provision of law, required to implement the use of video lottery terminals in this State.

- (4) Submit a written report of the Commission's study and findings to the chairs of the House of Representatives Committee on Appropriations, the chairs of the Senate Appropriations Committee/Base Budget, the Joint Legislative Oversight Committee on North Carolina State Lottery, and the Fiscal Research Division.

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.5. Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks and Digital Resources Allotment, the sum of ten million dollars (\$10,000,000) in the 2021-2022 fiscal year and the sum of ten million dollars (\$10,000,000) in the 2022-2023 fiscal year.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.6. Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2023, as follows:

	FY 2021-2022	FY 2022-2023
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	27,120,553	27,120,553
State Public School Fund	147,041,640	147,041,640
Total Appropriation	\$192,162,193	\$192,162,193

CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS

SECTION 4.7.(a) Subsection (a) of Section 4.4 of S.L. 2021-25 reads as rewritten:

"SECTION 4.4.(a) Notwithstanding any provision of law to the contrary, as unspent funds are returned to the Coronavirus Relief Fund established under S.L. 2020-4, the Office of State Budget and Management, in consultation with the Director of the Budget, shall reallocate ~~up to~~ the sum of the nonrecurring funds as follows to ensure maximum use of the funds:

- (1) The first ten million dollars (\$10,000,000) in nonrecurring funds to the Department of Public Safety, Division of Emergency Management, to be used for unmet needs related to the Federal Emergency Management Agency Public Assistance program in response to the COVID-19 public health emergency.
- (2) The next one hundred fourteen million dollars (\$114,000,000) to the State Treasurer to be used for COVID-19 related expenses incurred by the North Carolina State Health Plan for Teachers and State Employees between the dates of March 1, 2020, and March 2, 2021.
- (3) Any funds remaining after the reallocations under subdivisions (1) and (2) of this subsection to the Department of Agriculture and Consumer Services to distribute equally among each of the food banks in this State to reimburse for COVID-19 related expenses incurred between the dates of March 1, 2020, and December 31, 2021.
- (4) Any funds remaining after the reallocations under subdivisions (1) through (3) of this subsection to the Department of Public Safety to be used to offset General Fund expenditures that are eligible to be funded under the applicable federal law or guidance."

SECTION 4.7.(b) This section is effective when it becomes law and applies retroactively to May 24, 2021.

MODIFICATIONS OF PREVIOUS APPROPRIATIONS AND REPORTING ON ARPA FUNDS

SECTION 4.8.(a) Section 3.2 of S.L. 2021-25 reads as rewritten:

"SECTION 3.2.(a) Except as otherwise provided in this section, ~~federal funds received by the State under the American Rescue Plan Act for the programs set forth in the schedule below for funds subject to Sections 2.1 or 2.3 of this act, funds received from federal grants authorized under the American Rescue Plan Act~~ are appropriated in the amounts provided in the notification of award from the federal government or any entity acting on behalf of the federal government to administer the federal funds. ~~Federal funds received by the State under the American Rescue Plan Act from the Elementary and Secondary School Emergency Relief Fund are only appropriated up to the estimated amount set forth in the schedule below for the program.~~ State agencies may, with approval of the Director of the Budget, spend these funds received from federal receipts and federal grants. Any positions created with the funds shall terminate at the earlier of the funds being fully expended or the deadline established by applicable federal law and guidance for use of the funds. The programs and grant amounts in the schedule set forth in this subsection are estimates of North Carolina's allocations to be deposited in the State's Treasury and administered by State agencies. This schedule is meant to be illustrative of federal grants that have been, or will be, received by the State in addition to the Coronavirus State Fiscal Recovery Fund funds under the American Rescue Plan Act. These amounts are not inclusive of federal funds distributed or paid directly to individuals, businesses, health care providers, or private postsecondary institutions:

<u>Program</u>	<u>Amount</u>
Higher Education Emergency Relief Fund	\$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400
Child Care Entitlement to States	16,096,000
Community-Based Child Abuse Prevention	7,695,000
Child Abuse State Grants	3,067,000
Supportive Services	13,984,000
Congregate and Home Delivered Meals	23,045,000
Preventive Services	1,363,000
Family Caregiver	4,463,000
Title VII Long-Term Care Ombudsman	310,000
SNAP State Administrative Expense Grants	35,443,000
FTA Urbanized Area Formula	4,696,400
HOME Investment Partnerships Program	137,414,000
Emergency Management Performance Grants	2,660,000
National Endowment for the Arts: State Arts Agencies	912,000
Emergency Rental Assistance	556,611,000
Homeowner Assistance Fund	273,337,000
Elementary and Secondary School Emergency Relief Fund	
	<u>3,260,772,535</u>
Expand Genomic Sequencing	6,662,900
Epidemiology and Lab Capacity for School Testing	315,895,900
Community Health Centers Expanded Access to COVID-19 Vaccines, Build Vaccine Confidence	4,057,900
WIC Cash Value Vouchers Increase	19,930,600
Institute for Museum and Library Services	4,309,000
Homeless Children and Youth	23,576,625
Maternal, Infant, and Early Childhood Home Visiting Program	625,310
<u>Commodity Supplemental Foods Program</u>	<u>119,000</u>

1	<u>Low Income Home Energy Assistance Program</u>	86,970,460
2	<u>State Small Business Credit Initiative</u>	120,461,927
3	<u>Immunization and Vaccines for Children</u>	102,468,748
4	<u>Low Income Household Water Assistance Program</u>	17,105,002
5	<u>Child Care and Development Block Grant</u>	502,777,789
6	<u>Pandemic Emergency Assistance</u>	16,782,875
7	<u>Mental Health Block Grant</u>	41,535,246
8	<u>Substance Abuse Block Grant</u>	36,420,651
9	<u>FTA Nonurbanized Area</u>	13,833,386
10	<u>FTA Rural Transit Assistance Program</u>	209,718
11	<u>FTA Intercity Bus Formula</u>	4,183,036
12	<u>Enhanced Mobility of Seniors and Persons with Disabilities–State</u>	781,873
13	<u>Crisis Response Workforce</u>	62,340,758
14	<u>Disease Intervention Workforce</u>	27,361,745
15	<u>Public Health Laboratory Preparedness</u>	142,473
16	<u>Family Violence Prevention and Services</u>	3,691,782
17	<u>FAA Airport Rescue Grants</u>	2,471,000
18	Total Estimated Funding	\$6,400,545,070 \$7,791,249,941

19 ~~"SECTION 3.2.(b) The final amount of federal funds awarded for the following programs~~
 20 ~~are not yet known but are hereby appropriated in the same manner as provided in subsection (a)~~
 21 ~~of this section: (i) State Veterans Home Construction Grants, (ii) Family Violence Prevention~~
 22 ~~and Services, (iii) Payments to State Veterans Homes, and (iv) Elder Justice—Adult Protective~~
 23 ~~Services."~~

24 **SECTION 4.8.(b)** Section 1.2 of S.L. 2021-25 reads as rewritten:

25 **"SECTION 1.2.** In addition to any report required under this act or any other law, each State
 26 agency or department that receives federal grant funds under Section 3.2 of this act shall submit
 27 ~~a quarterly report to the Joint Legislative Commission on Governmental Operations to the Senate~~
 28 ~~Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal~~
 29 ~~Research Division beginning on July 15, 2021, detailing the use of funds. The report required~~
 30 ~~from each State agency or department that receives federal grant funds under Section 3.2 of this~~
 31 ~~act shall include the amount of funds granted, the source of the funds, how the funds were used~~
 32 ~~during the quarter, and the amount of funds that remained unspent at the end of the quarterly~~
 33 ~~reporting period. The quarterly report required under this section shall end upon submission of~~
 34 ~~the final report from each State agency or department, which shall be no later than 90 days from~~
 35 ~~the date the grant period ends for the relevant funds. a copy of any report required to be submitted~~
 36 ~~to the federal government with respect to the funds within five days of the date the federal report~~
 37 ~~is due."~~

38 **SECTION 4.8.(c)** Nothing in this act or the Committee Report described in Section
 39 43.2 of this act shall be construed as appropriating the funds set forth in Section 3.2 of S.L.
 40 2021-25, as amended by this section, in excess of the amounts provided in the notification of
 41 award from the federal government or any entity acting on behalf of the federal government to
 42 administer the federal funds.

44 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

45 **SECTION 4.9.(a)** Applicability. – Except as otherwise provided in this act,
 46 provisions funded in this act by the American Rescue Plan Act of 2021, P.L. 117-2, are subject
 47 to the provisions of this section.

48 **SECTION 4.9.(b)** Definitions. – The definitions in S.L. 2021-25 and the following
 49 definitions apply in this act:

- 50 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of
- 51 2021, as defined in S.L. 2021-25.

1 (2) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.

2 (3) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.
3 2021-25.

4 **SECTION 4.9.(c)** Conflict. – If an allocation made under this act of State Fiscal
5 Recovery Fund funds is found to be disallowed by federal law, the disallowed allocation is
6 repealed and the Office of State Budget and Management (OSBM) shall transfer the amount of
7 the disallowed allocation to the State Fiscal Recovery Reserve. If the funds have been allocated
8 to a nonprofit corporation, and the use of funds by the nonprofit corporation is disallowed by
9 federal law, the nonprofit corporation shall return the amount of funds allocated to the nonprofit
10 corporation to OSBM to transfer the disallowed, repealed allocation, as provided in this section.
11 Amounts transferred into the State Fiscal Recovery Reserve pursuant to this section are receipts
12 that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of
13 Article V of the North Carolina Constitution.

14 OSBM shall report on any allocation disallowed under this section to the Senate
15 Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal
16 Research Division no later than 15 days following the disallowance. The report shall note the
17 amount disallowed, the intended recipient of the disallowed allocation, and the specific basis on
18 which the determination of disallowance was made.

19 **SECTION 4.9.(d)** Guidance. – OSBM shall work with the recipient State agencies
20 to budget receipts awarded pursuant to ARPA to allow for the tracking of such funds through
21 either separate accounts or fund codes according to the program needs and within the parameters
22 of the respective granting entities and applicable federal laws and regulations. State agencies
23 shall not use funds received pursuant to ARPA for recurring purposes. Depending on the nature
24 of the award, additional State personnel may be employed on a temporary or time-limited basis.

25 **SECTION 4.9.(e)** Disbursement. – OSBM shall allocate State Fiscal Recovery Fund
26 funds to State agencies and departments upon justification from the agency or department and
27 only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall
28 be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash
29 flow or the nature of the program being funded requires otherwise.

30 **SECTION 4.9.(f)** Interest. – All interest earned on funds held in the State Fiscal
31 Recovery Fund shall be transferred to the State Fiscal Recovery Reserve.

32 **SECTION 4.9.(g)** Administration. – A State agency may, of the ARPA funds
33 allocated for a particular purpose or purposes by a provision of this act, use up to the lesser of (i)
34 the amount allowed by federal law or guidance or (ii) ten percent (10%) of the ARPA funds
35 allocated for administrative expenses related to administration of the provision.

36 **SECTION 4.9.(h)** Accounting. – A State agency receiving State Fiscal Recovery
37 Fund funds shall track such funds separately from other funds by use of either separate accounts
38 or fund codes.

39 **SECTION 4.9.(i)** Reports. – In addition to any report required under this act or any
40 other law, OSBM shall provide a quarterly report to the Senate Committee on
41 Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research
42 Division, beginning October 15, 2021, detailing the use of State Fiscal Recovery Fund funds
43 allocated under this act. The report required from OSBM under this section shall include, for the
44 preceding quarter, the amount of funds disbursed to each State agency, State department, and
45 nonprofit organization; the amount of funds remaining to be disbursed to each State agency, State
46 Department, and nonprofit organization; and how the funds were used by each State agency,
47 State department, and nonprofit organization.

48 **SECTION 4.9.(j)** Audit. – The State Auditor shall conduct biennial preliminary
49 financial audits and a final performance audit of the State Fiscal Recovery Fund no later than 90
50 days following the latest date on which expenditures may be made under applicable federal law
51 or guidance.

1 **SECTION 4.9.(k)** Reversion. – The funds appropriated in this act from the State
2 Fiscal Recovery Fund shall not revert at the end of each fiscal year of the 2021-2023 fiscal
3 biennium but shall remain available to expend until the date set by applicable federal law or
4 guidance.

5
6 **TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE TO STATE**
7 **FISCAL RECOVERY FUND**

8 **SECTION 4.10.** The State Controller shall transfer the sum of five billion four
9 hundred twenty-four million nine hundred sixty-six thousand eight hundred seventy-three dollars
10 (\$5,424,966,873) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the
11 State Fiscal Recovery Fund.

12
13 **TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO**
14 **CORONAVIRUS CAPITAL PROJECTS FUND**

15 **SECTION 4.12.** The State Controller shall transfer the sum of two hundred
16 seventy-seven million sixty thousand eight hundred fifty-five dollars (\$277,060,855) for the
17 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3
18 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L.
19 2021-25.

20
21 **PART V. GENERAL PROVISIONS**

22
23 **ESTABLISHING OR INCREASING FEES**

24 **SECTION 5.1.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult
25 with the Joint Legislative Commission on Governmental Operations prior to establishing or
26 increasing a fee to the level authorized or anticipated in this act.

27 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
28 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
29 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
30 150B of the General Statutes.

31
32 **DIRECTED GRANTS TO NON-STATE ENTITIES**

33 **SECTION 5.2.(a)** Definitions. – For purposes of this act and the Committee Report
34 described in Section 43.2 of this act, the following definitions apply:

- 35 (1) Directed grant. – Nonrecurring funds allocated by a State agency to a
36 non-State entity as directed by an act of the General Assembly.
37 (2) Non-State entity. – As defined in G.S. 143C-1-1.

38 **SECTION 5.2.(b)** Requirements. – Nonrecurring funds appropriated in this act as
39 directed grants are subject to all of the following requirements:

- 40 (1) Directed grants are subject to the provisions of subsections (b) through (k) of
41 G.S. 143C-6-23.
42 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be
43 made in a single annual payment in the discretion of the Director of the
44 Budget. Directed grants of more than one hundred thousand dollars
45 (\$100,000) shall be made in quarterly or monthly payments in the discretion
46 of the Director of the Budget. A State agency administering a directed grant
47 shall begin disbursement of funds to a non-State entity that meets all
48 applicable requirements as soon as practicable, but no later than 100 days after
49 the date this act becomes law.
50 (3) Beginning on the first day of a quarter following the deadline provided in
51 subdivision (2) of this subsection and quarterly thereafter, State agencies

1 administering directed grants shall report to the Fiscal Research Division on
2 the status of funds disbursed for each directed grant until all funds are fully
3 disbursed. At a minimum, the report required under this subdivision shall
4 include updates on (i) the date of the initial contact, (ii) the date the contract
5 was sent to the entity receiving the funds, (iii) the date the disbursing agency
6 received the fully executed contract back from the entity, (iv) the contract
7 execution date, and (v) the payment date.

8 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,
9 nonrecurring funds appropriated in this act as directed grants shall not revert
10 until June 30, 2023.

11 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious
12 purposes only.

13 **SECTION 5.2.(c)** This section expires on June 30, 2023.

14 **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

15 **SECTION 5.3.** No more than one hundred twenty thousand dollars (\$120,000) in
16 State funds, including any interest earnings accruing from those funds, may be used for the annual
17 salary of any individual employee of a nonprofit organization.
18

19 **STATUTORY CONTINUING RESOLUTION/REVISE REPORTING REQUIREMENT**

20 **SECTION 5.4.(a)** G.S. 143C-5-4(b)(9), as amended by Section 4.3 of S.L. 2021-25,
21 reads as rewritten:
22

23 "(9) Grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with
24 approval of the Director of the Budget, spend funds received from grants
25 awarded during the current fiscal year that are for less than two million five
26 hundred thousand dollars (\$2,500,000), do not require State matching funds,
27 and will not be used for a capital project. State agencies shall report to the
28 Joint Legislative Commission on Governmental ~~Operations~~ Operations, the
29 chairs of the Senate Committee on Appropriations/Base Budget, the chairs of
30 the House Appropriations Committee, and the Fiscal Research Division
31 within 30 days of receipt of such funds. State agencies may spend up to the
32 greater of one percent (1%) or ten million dollars (\$10,000,000) of the total
33 amount of grants awarded during the current fiscal year to respond to an
34 emergency with the approval of the Director of the Budget. State agencies
35 shall report to the Joint Legislative Commission on Governmental ~~Operations~~
36 Operations, the chairs of the Senate Committee on Appropriations/Base
37 Budget, the chairs of the House Appropriations Committee, and the Fiscal
38 Research Division within 30 days of receipt of such funds, including
39 specifying the total amount of grants awarded to respond to the emergency.
40 State agencies may spend all other funds from grants awarded during the
41 current fiscal year only with approval of the Director of the Budget and after
42 consultation with the Joint Legislative Commission on Governmental
43 Operations. The Office of State Budget and Management shall work with the
44 recipient State agencies to budget grant awards according to the annual
45 program needs and within the parameters of the respective granting entities.
46 Depending on the nature of the award, additional State personnel may be
47 employed on a time-limited basis. Funds received from such grants are hereby
48 appropriated up to the applicable allowable amount set forth in this
49 subdivision and shall be incorporated into the authorized budget of the
50 recipient State agency. Notwithstanding the provisions of this subdivision, no
51 State agency may accept a grant if acceptance of the grant would obligate the

1 State to make future expenditures relating to the program receiving the grant
2 or would otherwise result in a financial obligation as a consequence of
3 accepting the grant funds. Nothing in this subdivision shall be construed to
4 prohibit or limit expenditures that are authorized under subdivision (1) of this
5 subsection. For purposes of this subdivision, the term (i) "emergency" is as
6 defined in G.S. 166A-19.3 and (ii) "grant" means funds received from a grant
7 that was not included in the base budget for the fiscal year in which the grant
8 was awarded."

9 **SECTION 5.4.(b)** This section becomes effective June 30, 2021, and applies
10 beginning with the 2021-2022 fiscal year.

11
12 **REVISIONS TO BASE BUDGET DEFINITION AND RECOMMENDED STATE**
13 **BUDGET**

14 **SECTION 5.5.(a)** G.S. 143C-1-1(d)(1c) reads as rewritten:

15 "(1c) Base Budget. – That part of the recommended State budget that provides the
16 baseline for the next biennium. The base budget for each State agency shall
17 be the authorized budget for that agency with adjustments only for the
18 following:

- 19 a. Annualization of programs and positions.
- 20 b. Reductions to adjust for items funded with nonrecurring funds during
21 the prior fiscal biennium.
- 22 c. Increases to adjust for nonrecurring reductions during the prior fiscal
23 biennium.
- 24 d. Adjustments for federal payroll tax changes.
- 25 e. Rate increases in accordance with the terms of existing leases of real
26 property.
- 27 f. Adjustments to receipt projections, made in accordance with
28 G.S. 143C-3-5(b)(2)c.
- 29 g. Reconciliation of intragovernmental and intergovernmental
30 ~~transfers~~ transfers that require no net General Fund increase.
- 31 h. Adjustments for statutory appropriations and other adjustments as
32 directed by the General Assembly.
- 33 i. Reconciliation of salary-related employer contributions, longevity,
34 and special separation allowance under Article 12D of Chapter 143 of
35 the General Statutes."

36 **SECTION 5.5.(b)** G.S. 143C-3-5 reads as rewritten:

37 "**§ 143C-3-5. Budget recommendations and budget message.**

38 ...

39 (b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall
40 include the following components:

- 41 (1) A Recommended State Budget setting forth goals for improving the State with
42 recommended expenditure requirements, funding sources, and performance
43 information for each State government program and for each proposed capital
44 improvement. The Recommended State Budget may be presented in a format
45 chosen by the Director, except that the Recommended State Budget shall
46 clearly distinguish program base budget requirements, program reductions,
47 program eliminations, changes in program fund sources, program expansions,
48 and new programs, and shall explain all proposed capital improvements in the
49 context of the Six-Year Capital Improvements Plan and as required by
50 G.S. 143C-8-6.

- 1 (1a) The Governor's Recommended State Budget shall include a base budget,
2 which shall be presented pursuant to subdivision (2) of this subsection.
3 (2) A Recommended Base Budget showing, for each budget code and purpose or
4 program in State government, accounting detail corresponding to the
5 Recommended State Budget.

6 ...

- 7 c. The Recommended Base Budget shall include accurate projections of
8 receipts, expenditures, and fund balances. Estimated receipts,
9 including tuition collected by university or community college
10 institutions, shall be adjusted to reflect actual collections from the
11 previous fiscal year, unless the Director recommends a change that
12 will result in collections in the budget year that differ from prior year
13 actuals, or the Director otherwise determines there is a more
14 reasonable basis upon which to accurately project receipts. If receipts
15 are projected to decrease, the corresponding expenditure shall be
16 decreased in a like amount. Revenue and expenditure detail provided
17 in the Budget Support Document shall be no less detailed than the
18 two-digit level in the North Carolina Accounting System Uniform
19 Chart of Accounts as prescribed by the State Controller.

20 ...

21 (c) Even-Numbered Years. – In even-numbered years, the Governor may recommend
22 changes in the enacted budget for the second year of the biennium. These recommendations shall
23 be presented as amendments to the enacted budget and shall be incorporated in a recommended
24 Current Operations Appropriations Act. Any recommended changes shall clearly distinguish
25 program reductions, program eliminations, changes in program fund sources, program
26 expansions, and new programs, and shall explain all proposed capital improvements in the
27 context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The
28 Governor shall provide sufficient supporting documentation and accounting detail, consistent
29 with that required by ~~G.S. 143C-3-5(b),~~ subsection (b) of this section, corresponding to the
30 recommended amendments to the enacted budget.

31"

32 **SECTION 5.5.(c)** This section becomes effective July 1, 2021, and applies
33 beginning with the 2022-2023 fiscal year.

34 SAVINGS RESERVE CLARIFICATION

35 **SECTION 5.6.** G.S. 143C-4-2 reads as rewritten:
36 "**§ 143C-4-2. Savings Reserve.**

37 ...

38 (d) Savings Reserve Requirement. – Each Current Operations Appropriations Act
39 enacted by the General Assembly shall include a transfer to the Savings Reserve of the lesser of
40 (i) fifteen percent (15%) of each fiscal year's estimated growth in State tax revenues that are
41 deposited in the General Fund, except that if that transfer Fund or (ii) the amount that would
42 cause the balance of the Reserve to exceed reach the recommended Savings Reserve balance
43 developed pursuant to subsection (f) of this section then the amount transferred pursuant to this
44 subsection shall be reduced accordingly.
45 section.

46 (e) Actual Transfer of Funds to Savings Reserve. – Each fiscal year, the Office of State
47 Controller shall transfer to the Savings Reserve the estimated growth amount required by
48 subsection (d) of this section. ~~Upon calculation of the actual growth in State tax revenues that are~~
49 ~~deposited in the General Fund, the Office of State Controller shall adjust the amount of the~~
50 ~~transfer to the Savings Reserve to achieve an amount equivalent to fifteen percent (15%) of the~~
51 ~~actual growth.~~

1"

2
3 **STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS**
4 **TRANSFERRED TO FUND**

5 **SECTION 5.7.(a)** G.S. 143C-4-3.1 reads as rewritten:

6 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

7 ...
8 (b) ~~Creation and Source of Funds. – There is established in the General Fund the~~ The
9 ~~State Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be~~
10 ~~maintained~~ Fund (the Fund) is established as a special fund and in the General Fund to be
11 administered by the Office of State Budget and Management to carry out the provisions of this
12 section. With the exception of debt service obligations, appropriations from the Fund may be
13 administered by other State agencies as deemed necessary by the Office of State Budget and
14 Management. Interest accruing from the and investment earnings received on monies in the Fund
15 shall be credited to the Fund. The Fund shall consist of the following sources of
16 funding: additional sources:

- 17 (1) ~~One fourth of any unreserved fund~~ The sum of one billion three hundred
18 million dollars (\$1,300,000,000) balance, as determined on a cash basis,
19 remaining in transferred from the General Fund at the end beginning of each the
20 2021-2022 fiscal year. Each fiscal year thereafter, the transfer shall be
21 increased three and one-half percent (3.5%) over the amount required under
22 this subdivision for the preceding fiscal year.
23 (2) ~~Four percent (4%) of the net State tax revenues that are deposited in the~~
24 ~~General Fund during the fiscal year.~~
25 (3) ~~All~~ Unless otherwise specified, monies appropriated by the General Assembly
26 for the purposes of General Fund capital improvements, as defined in
27 G.S. 143C-1-1(d).
28 (4) ~~All interest and investment earnings received on monies in the Fund.~~
29 (5) ~~Any other funds, as directed by the General Assembly.~~

30 (c) ~~Funding Requirements.—Administration. – Each Current Operations Appropriations~~
31 ~~Act enacted by the General Assembly shall include (i) a transfer to the Fund of four percent (4%)~~
32 ~~of each fiscal year's estimated net State tax revenues that are deposited in the General Fund and~~
33 ~~(ii) one fourth of the General Fund unreserved fund balance, as determined on a cash basis, at~~
34 ~~the end of each fiscal year.~~

35 (d) ~~Transfer of Funds to the Fund.—Each the amounts required under subdivisions (1)~~
36 ~~and (2) of subsection (b) of this section. Each fiscal year, the Office of State Controller shall~~
37 ~~transfer to the Fund the estimated amounts required pursuant to subsection (c) of this section.~~
38 ~~Each fiscal year, the Office of State Controller shall transfer to the Fund one fourth of the General~~
39 ~~Fund unreserved fund balance, as determined on a cash basis, at the end of the fiscal year.~~ this
40 subsection.

41"

42 **SECTION 5.7.(b)** This section becomes effective June 30, 2021.

43
44 **UNC CONSTITUENT INSTITUTIONS/NO OVERHEAD COSTS CHARGED TO**
45 **STATE AGENCIES DURING 2021-2023 FISCAL BIENNIUM**

46 **SECTION 5.8.(a)** During the 2021-2023 fiscal biennium, constituent institutions of
47 The University of North Carolina shall not charge State agencies for overhead costs.

48 **SECTION 5.8.(b)** The following definitions apply in this section:

- 49 (1) Overhead costs. – Facilities and administrative costs that are (i) not readily
50 assignable to a particular research project or other project at the university or
51 (ii) incurred for common or joint objectives of the university. These costs

1 include, but are not limited to, such categories as library operations, utility
2 costs, depreciation of buildings and equipment, operations and maintenance
3 costs, and general administrative expenses. These costs do not include indirect
4 costs that can be specifically attributed to an individual project.

5 (2) State agency. – As defined in G.S. 143C-1-1.
6

7 **2021 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

8 **SECTION 5.9.(a)** Allocations. – The funds appropriated in Section 2.2(j) of this act
9 for disaster relief, recovery, mitigation, and resiliency shall be allocated as follows:

10 (1) \$20,000,000 to the North Carolina Office of Recovery and Resiliency
11 (NCORR) to be used to develop a statewide Flood Resiliency Blueprint in
12 accordance with subsection (c) of this section.

13 (2) \$10,100,000 to NCORR to be used for the following purposes:

- 14 a. Provide support for local communities and regional organizations to
15 plan for natural hazards.
- 16 b. Provide grant funding to support implementation of priority projects
17 that enhance resilience to natural hazards in local communities.
- 18 c. Develop a data portal to make flood and other natural hazards data and
19 modeling available to local users.
- 20 d. Support local capacity building and provide technical assistance to
21 local governments and communities consistent with the NC Resilient
22 Communities Program.

23 (3) \$1,000,000 to NCORR to be used to enhance North Carolina's Hazard
24 Mitigation Plan to improve the State's competitiveness for federal grants that
25 enhance resilience against natural disasters and other risks, and to enable local
26 government entities, State agencies, and other entities to use the analyses in
27 long-term resilience planning and preparations.

28 (4) \$80,000,000 to the State Match Fund, as created in subsection (d) of this
29 section, administered by the Department of Public Safety, Division of
30 Emergency Management, to be used for State match requirements for disaster
31 declarations by the President of the United States under the Stafford Act, P.L.
32 93-288, in this State prior to July 1, 2021. These funds shall not apply to
33 disaster declarations occasioned by the COVID-19 pandemic.

34 (5) \$30,000,000 to the State Match Fund, as created in subsection (d) of this
35 section, administered by the Department of Public Safety, Division of
36 Emergency Management, to be used for State match requirements for disaster
37 declarations by the President of the United States under the Stafford Act, P.L.
38 93-288, in this State that may arise from future disaster declarations. These
39 funds shall not apply to disaster declarations occasioned by the COVID-19
40 pandemic.

41 (6) \$20,000,000 to the Disaster Relief and Mitigation Fund, as created in
42 subsection (f) of this section, administered by the Division of Emergency
43 Management.

44 (7) \$20,000,000 to the Transportation Infrastructure Resiliency Fund, as created
45 in subsection (g) of this section, administered by the Division of Emergency
46 Management.

47 (8) \$40,000,000 to the Coastal Storm Damage Mitigation Fund within the
48 Department of Environmental Quality for grants to local governments for
49 coastal storm damage mitigation projects in accordance with
50 G.S. 143-215.73M. Of the funds allocated by this subdivision, two million
51 dollars (\$2,000,000) shall be allocated to the North Carolina Coastal

- 1 Federation, Inc., a non-profit corporation, to provide grants for living
2 shorelines, oyster reefs, and marsh restoration in order to protect other coastal
3 communities that are vulnerable to storm surge and tidal flooding.
- 4 (9) \$25,000,000 to the Department of Environmental Quality, Division of
5 Mitigation Services, to be used in accordance with G.S. 143-214.11A for
6 flood reduction projects in no less than three and up to six additional priority
7 watersheds. The Division may use up to five percent (5%) of these funds for
8 the administration of the projects in accordance with this subdivision.
- 9 (10) \$5,000,000 to the Department of Environmental Quality, Division of
10 Mitigation Services, to be used in accordance with G.S. 143-214.11A to create
11 one or more pilot projects addressing chronic flooding in the Stoney Creek
12 watershed impacting businesses, roadways, and access to emergency services
13 in Wayne County and Goldsboro. The pilot projects shall also serve as the
14 basis for expanding natural infrastructure flood mitigation projects to
15 additional watersheds and scaling solutions to enhance community resiliency
16 across North Carolina. The Division may use up to five percent (5%) of these
17 funds for administration of the pilot projects.
- 18 (11) \$4,000,000 to the Dam Safety Emergency Fund, as established in Section
19 12.10 of this act, administered by the Department of Environmental Quality,
20 for costs associated with the emergency repair or removal of dams.
- 21 (12) \$1,400,000 to the Department of Environmental Quality, Division of Water
22 Infrastructure, to match additional federal funds allocated from the Additional
23 Supplemental Appropriations for Disaster Relief Act, P.L. 116-20, for the
24 Drinking Water State Revolving Fund.
- 25 (13) \$1,150,000 to the Department of Environmental Quality, Division of Coastal
26 Management, to be used to provide community resilience planning, design,
27 and project implementation grants for the Resilient Coastal Communities
28 Program.
- 29 (14) \$300,000 to the Department of Environmental Quality, Division of Coastal
30 Management, to create two time-limited, full-time positions for two years to
31 staff the Resilient Coastal Communities Program.
- 32 (15) \$10,000,000 to the Department of Agriculture and Consumer Services
33 (Department) for the Agricultural Development and Farmland Preservation
34 Trust Fund. These funds shall be used to support federal partnerships to
35 facilitate the acquisition of agricultural conservation easements on working
36 agricultural lands in river basins located in the Piedmont and Sandhills regions
37 of the State that are at risk of conversion to impervious surfaces that will
38 increase downstream flood risk. The Department shall prioritize the purchase
39 of agricultural conservation easements on working agricultural lands that meet
40 the following characteristics:
- 41 a. The property or portion of the property subject to the easement is
42 outside the 100-year floodplain, but contains or is adjacent to a river,
43 pond, or other surface water that receives runoff from the property.
- 44 b. The property lies within five miles of the corporate limits of a
45 municipality.
- 46 Funds allocated by this section shall be administered by the Department as set
47 forth in G.S. 106-744, provided that a grant recipient shall match one hundred
48 percent (100%) of the Trust Fund monies it receives with funds from sources
49 other than the Trust Fund. Where a landowner accepts a sale price for an
50 agricultural easement that is lower than the applicable market value, the
51 Department may credit the difference toward the match requirement.

- 1 (16) \$5,000,000 to the Department of Agriculture and Consumer Services to
2 replace outdated forest service emergency response equipment, including
3 bulldozers, truck tractors, lowboy trailers, and fire dozers used in wildfire
4 suppression.
- 5 (17) \$20,000,000 to the North Carolina Land and Water Fund in the Department
6 of Natural and Cultural Resources. The Division of Land and Water
7 Stewardship shall use the funds to provide grants to counties, municipalities,
8 nonprofit corporations, and other State agencies for projects addressing the
9 purposes specified in G.S. 143B-135.234(c)(12). The Division shall develop
10 criteria to score projects based on the ability of a project to reduce flood risks.
- 11 (18) \$1,500,000 to the Wildlife Resources Commission for the removal of the
12 remaining abandoned and derelict vessels identified following natural
13 disasters since 2018 in accordance with Section 15.1 of this act.
- 14 (19) \$20,000,000 to the Office of State Budget and Management (OSBM) to
15 Habitat for Humanity of North Carolina, Inc., a nonprofit corporation, as a
16 grant to support efforts for affordable homeownership, including new home
17 construction, rehabilitation of existing homes, critical home repairs,
18 infrastructure, and other costs.
- 19 (20) \$15,000,000 to OSBM to provide grants to the North Carolina League of
20 Municipalities, the North Carolina Association of County Commissioners,
21 and the North Carolina Regional Councils of Governments, in equal amounts
22 of five million dollars (\$5,000,000) to each organization, to provide technical
23 assistance with local recovery funds.
- 24 (21) \$10,000,000 to OSBM to provide a grant to the North Carolina Insurance
25 Underwriting Association, Inc., in accordance with subsection (i) of this
26 section to provide grants to policyholders in coastal areas for resilient roof
27 replacement.
- 28 (22) \$500,000 to OSBM to provide a grant to Wayne American Legion Auxiliary
29 Unit #011, Inc., a nonprofit corporation, to repair damage from Hurricanes
30 Florence and Matthew.
- 31 (23) \$68,700,000 to NCORR to be used for the following purposes:
32 a. \$18,000,000 for channel modification and dredging along the Lumber
33 River.
34 b. \$12,000,000 for 301/Railroad elevation as referenced in the May 1,
35 2018, Neuse River Basin Flood Analysis and Mitigation Strategy
36 report.
37 c. \$10,000,000 for Neuse River Basin home acquisition and buyouts to
38 move families out of floodplains.
39 d. \$10,000,000 for Lumber River Basin home acquisition and buyouts to
40 move families out of floodplains.
41 e. \$5,200,000 for the Seven Springs Levee as referenced in the May 1,
42 2018, Neuse River Basin Flood Analysis and Mitigation Strategy
43 report.
44 f. \$5,000,000 for Lumberton CSX/Floodgates as referenced in the May
45 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy
46 report.
47 g. \$5,000,000 for Stoney Creek acquisitions to provide benefit
48 throughout the watershed to the most vulnerable structures and
49 communities.
50 h. \$3,500,000 for the Fair Bluff Levee as referenced in the May 1, 2018,
51 Lumber River Basin Flood Analysis and Mitigation Strategy report.

- 1 NCORR shall oversee and administer the projects listed in this subdivision.
2 NCORR shall consult and coordinate with the appropriate local government
3 units, Federal Emergency Management Agency, United States Army Corps of
4 Engineers, nonprofit corporations, and other entities, as necessary, to
5 complete the respective projects. NCORR shall submit interim reports
6 regarding implementation of the projects listed in this subdivision to the Joint
7 Legislative Commission on Governmental Operations and the Fiscal Research
8 Division on April 1, 2022, and May 1, 2023. NCORR shall submit a final
9 report to the Joint Legislative Commission on Governmental Operations and
10 the Fiscal Research Division upon completion of all the projects listed in this
11 subdivision.
- 12 (24) \$2,000,000 to the North Carolina Wildlife Resources Commission to be used
13 for the Lake Rim State Hatchery sediment and stream bank hardening project.
- 14 (25) \$4,000,000 to the Avery County Soil & Water Conservation District to
15 address storm damage.
- 16 (26) \$50,961,909 to the Department of Public Safety to provide directed grants to
17 the following entities in the following amounts:
- 18 a. \$20,000,000 to the Town of Oak Island for beach renourishment.
19 b. \$5,000,000 to the City of Southport for waterfront stabilization from
20 storm damage.
21 c. \$3,000,000 to the Town of Red Springs for debris removal, stream
22 restoration, flood mitigation, and stormwater management.
23 d. \$2,500,000 to the Town of Hope Mills for East Patterson Street stream
24 hardening and erosion issues.
25 e. \$2,000,000 to Cumberland County for stream restoration on the
26 Methodist University campus in Fayetteville.
27 f. \$2,000,000 to the Town of Carolina Beach to complete the dredging
28 of Lake Park.
29 g. \$1,200,000 to the City of Asheville for the West Sulphur Springs
30 drainage system project.
31 h. \$1,000,000 to Halifax County for a flooding abatement project on
32 Chockoyotte Creek in the City of Roanoke Rapids.
33 i. \$1,000,000 to Henderson County for a flood resilience project on the
34 French Broad River at Pleasant Grove.
35 j. \$1,000,000 to Hyde County for the Mattamuskeet Restoration
36 Drainage project.
37 k. \$1,000,000 to the Town of Smithfield for CSX culvert improvements
38 at the Highway 301 location.
39 l. \$1,000,000 to the North Carolina Association of Resource
40 Conservation and Development Councils for flood mitigation projects.
41 m. \$950,000 to Henderson County for the Bat Fork stream restoration and
42 flood resilience project.
43 n. \$750,000 to the Town of Princeton for drainage pipe replacement at
44 Princeton High School.
45 o. \$650,000 to Caldwell County for Abingdon Creek Restoration in
46 Gamewell Town Park.
47 p. \$650,000 to the Town of Hope Mills for street placement in the
48 Woodland Hills neighborhood.
49 q. \$650,000 to the City of Fayetteville for debris removal.
50 r. \$625,000 to the City of Mount Airy for Granite City Greenway and
51 Ararat River Restoration.

- 1 s. \$500,000 to the Town of Hope Mills for wooded creek bed clearing in
2 the town limits to prevent future flooding.
- 3 t. \$500,000 to Johnston County for Moccasin Swamp.
- 4 u. \$450,000 to the Town of Fair Bluff for the abatement of destroyed
5 buildings from Hurricanes Matthew and Florence.
- 6 v. \$316,909 to the Town of Laurel Park for a stream restoration project
7 for the Laurel Green Creek.
- 8 w. \$300,000 to the City of Havelock for the Fairview Street Project to
9 repair the culvert crossing of Joe's Branch.
- 10 x. \$300,000 to Northampton County to address culvert capacity issues in
11 the Town of Rich Square for flood mitigation on downtown roads.
- 12 y. \$250,000 to Carteret County for Marshallberg flood mitigation, ditch
13 restoration, and harbor discharge project.
- 14 z. \$250,000 to Halifax County to mitigate flooding in the Town of
15 Scotland Neck that is endangering a local health care facility.
- 16 aa. \$250,000 to Halifax County for flood mitigation in low areas in the
17 Town of Enfield.
- 18 bb. \$250,000 to Halifax County to address drainage issues in the Town of
19 Weldon impacted by Chockoyotte Creek.
- 20 cc. \$250,000 to Halifax County to address downtown flooding in the
21 Town of Littleton.
- 22 dd. \$250,000 to Martin County for flood mitigation projects.
- 23 ee. \$250,000 to Northampton County for flood mitigation in the Town of
24 Seaboard.
- 25 ff. \$250,000 to Northampton County for flood mitigation on Gaston
26 Creek.
- 27 gg. \$250,000 to Northampton County for flood mitigation in the Town of
28 Severn.
- 29 hh. \$250,000 to Northampton County to address drainage issues in the
30 Town of Woodland.
- 31 ii. \$250,000 to Northampton County to address drainage issues in the
32 Town of Garysburg.
- 33 jj. \$200,000 to Craven County for the EOC Floodwall Infrastructure
34 Project.
- 35 kk. \$200,000 to the Town of Tabor City for clearing debris removal from
36 canals and drainage ditches.
- 37 ll. \$200,000 to the Town of Trent Woods for the restoration of key
38 drainage routes.
- 39 mm. \$140,000 to the Town of River Bend for Storm Damage Restoration:
40 Roadside Swale Areas, Channel Run Area.
- 41 nn. \$100,000 to the City of Havelock for the Hollywood Boulevard
42 drainage repair project.
- 43 oo. \$30,000 to the Town of Linden for disaster recovery.

44 **SECTION 5.9.(b)** Subdivision (4) of subsection (b) of Section 5.2 of this act does
45 not apply to the directed grants as allocated under this section.

46 **SECTION 5.9.(c)** Flood Resiliency Blueprint. – Of the funds allocated in
47 subdivision (a)(1) of this section, NCORR shall develop a statewide Flood Resiliency Blueprint
48 for major watersheds impacted by flooding, including, among others, the Cape Fear River and
49 the Neuse River Basins. The watershed blueprint shall form the backbone of a State flood
50 planning process that increases community resiliency to flooding, shall be a resource for riverine
51 and stream management to reduce flooding, and should support the establishment and furtherance

1 of local government stormwater maintenance programs. NCORR shall identify the major
2 watersheds affected by flooding and direct these funds toward the activities which are central to
3 the creation of an actionable blueprint, namely flood risk assessment, identification of data gaps,
4 and recommendations to reduce flood risk for each target watershed. When developing the
5 blueprint, NCORR shall incorporate local knowledge, community goals, projections of future
6 flood risk, and the best available science and hydrologic modeling to create a decision tool for
7 flood mitigation investments and strategies from local watersheds up to whole river basins. A
8 successful blueprint should ultimately lead to a prioritized set of projects and funding strategies
9 that the State can implement. NCORR is encouraged to examine examples from other states such
10 as the Louisiana Coastal Master Plan or the flood resiliency planning processes in South Carolina
11 and Virginia. NCORR shall report by July 1, 2022, and annually thereafter to the Joint Legislative
12 Commission on Governmental Operations and the Fiscal Research Division on the
13 implementation of this subsection.

14 **SECTION 5.9.(d)** Establishment of the State Match Fund. – There is established the
15 State Match Fund (Fund) in the Department of Public Safety, Division of Emergency
16 Management (Division). Any funds appropriated to the Fund shall remain available for
17 expenditure as provided in this section unless directed otherwise by the General Assembly. The
18 Division shall use the funds in the Fund for the State's share of costs associated with FEMA
19 disaster response and recovery programs.

20 **SECTION 5.9.(e)** Transfer. – The State Controller shall transfer from the State
21 Emergency Response and Disaster Relief Fund to the State Match Fund any remaining State
22 matching funds appropriated in the following acts to be used as provided in those acts:

- 23 (1) Section 4.1 of S.L. 2016-124.
- 24 (2) Section 1 of S.L. 2017-119.
- 25 (3) Section 5.6(b) of S.L. 2018-5.
- 26 (4) Section 1.1 of S.L. 2019-250.
- 27 (5) Section 2.6 of S.L. 2020-97.

28 **SECTION 5.9.(f)** Establishment of Disaster Relief and Mitigation Fund;
29 Administration. – There is established the Disaster Relief and Mitigation Fund (Fund) in the
30 Department of Public Safety, Division of Emergency Management. Any funds appropriated to
31 the Fund shall remain available for expenditure as provided in this section unless directed
32 otherwise by the General Assembly. The Division shall administer a grant program that allows
33 State agencies, units of local government, and nonprofit corporations to apply for funds to be
34 used for any of the following:

- 35 (1) Flood mitigation efforts that stabilize areas and reduce future damage.
- 36 (2) Predevelopment assistance to provide small and underserved communities
37 with technical assistance to identify and design shovel-ready projects related
38 to disaster relief and flood mitigation.

39 **SECTION 5.9.(g)** Establishment of Transportation Infrastructure Resiliency Fund.
40 – There is established the Transportation Infrastructure Resiliency Fund (Fund) in the
41 Department of Public Safety, Division of Emergency Management. Any funds appropriated to
42 the Fund shall remain available for expenditure as provided in this section unless directed
43 otherwise by the General Assembly.

44 **SECTION 5.9.(h)** Administration. – The Division of Emergency Management shall
45 administer a grant program using funds appropriated to the Transportation Infrastructure
46 Resiliency Fund, as established in subsection (g) of this section, that allows State agencies, units
47 of local government, and nonprofit corporations to apply for funds to ensure transportation
48 resilience against natural disasters. The Division of Emergency Management shall consult with
49 the Department of Transportation prior to awarding grants to State agencies, units of local
50 government, and nonprofit corporations. Funds may be used for any of, and activities consistent
51 with, the following:

- 1 (1) Projects that update and prepare transportation infrastructure for storms,
2 mudslides, and flooding events taking projections of future risk into
3 consideration.
- 4 (2) Risk assessments for critical transportation routes, building on existing and
5 future reports such as the I-95 and I-40 Flood Resilience Feasibility Study.
- 6 (3) Creating community-informed flood risk and vulnerability assessments that
7 identify resilience gaps and project opportunities for transportation routes in
8 North Carolina to help maintain vital transportation functions following
9 flooding events.

10 **SECTION 5.9.(i)** North Carolina Insurance Underwriting Association (NCIUA)
11 Resilient Roof Grant Program. – NCIUA shall establish uniform rules and award amounts for
12 resilient roof grant applicants under this program. Grant applicants must provide a match of one
13 dollar (\$1.00) in non-State funds for one dollar (\$1.00) provided in State grant funds. No eligible
14 structure may receive more than six thousand dollars (\$6,000) in State funds under this grant
15 program. Funds allocated for this grant program that are not encumbered or spent by June 30,
16 2023, shall revert to the General Fund. The NCIUA will include a report on the grant program
17 funded by this subsection in the annual report required by G.S. 58-45-65. The report shall include
18 information on the number of grants provided, geographical distribution of grants by county, and
19 the average insured value of the structures receiving grant funding for resiliency improvements
20 under this program. The NCIUA will provide this portion of its annual report to the Chairs of the
21 Joint Legislative Emergency Management Oversight Committee and the Fiscal Research
22 Division. The following definitions apply in this subsection:

- 23 (1) Coastal area. – Defined in G.S. 58-45-5.
- 24 (2) Eligible expense. – Costs for the replacement or upgrade of the roof of an
25 eligible structure when the replacement or upgrade results in the roof meeting
26 applicable resiliency standards issued by the Institute for Business and Home
27 Safety or another construction storm resiliency standard that the NCIUA finds
28 to be equivalent for purposes of reduction of risk of loss to the Coastal
29 Property Insurance Pool (Pool) established by Article 45 of Chapter 58 of the
30 General Statutes.
- 31 (3) Eligible structure. – A residential structure insured under a policy issued by
32 the NCIUA through the Pool.

33 **SECTION 5.9.(j)** Statutory Authority. – G.S. 58-45-15 reads as rewritten:

34 "**§ 58-45-15. Powers and duties of Association.**

35 The Association shall, pursuant to the provisions of this Article and the plan of operation,
36 and with respect to the insurance coverages authorized in this Article, have the power on behalf
37 of its members:

38 ...

- 39 (6) To provide grants for mitigation of risk of loss to policyholders with
40 premiums, funds appropriated to the Association for that purpose by the
41 General Assembly, or funds donated or granted to the Association."

42 **SECTION 5.9.(k)** Subpart D of Part 5 of Article 13 of Chapter 143B of the General
43 Statutes is amended by adding a new section to read:

44 "**§ 143B-1041. Interagency coordination.**

45 (a) The Office shall establish an intergovernmental working group composed of
46 representatives from the Department of Environmental Quality and other relevant State agencies,
47 local governments, and other stakeholders to identify legislative, economic, jurisdictional, and
48 other challenges related to stream management and flooding reduction. Beginning January 1,
49 2022, and biannually thereafter, the Office shall report to the Joint Legislative Commission on
50 Governmental Operations and the Fiscal Research Division regarding the findings and
51 recommendations of the working group.

1 (b) The Office of Recovery and Resiliency and the Division of Emergency Management
2 of the Department of Public Safety, the Director of the Division of Coastal Management of the
3 Department of Environmental Quality, and the Secretary of the Department of Transportation, or
4 their respective designees, shall meet at least quarterly beginning October 1, 2021, in order to
5 coordinate the grant making and technical assistance activities each agency is carrying out related
6 to subsection (a) of this section."

7 **SECTION 5.9.(I)** G.S. 166A-19.12 is amended by adding two new subdivisions to
8 read:

9 "(24) The Division may contract for services from vendors specializing in housing,
10 rehabilitation, or construction on private residential structures funded by State
11 or federal funds provided to the State as a result of a disaster declared by the
12 President under the Stafford Act or a disaster declared by the Governor under
13 G.S. 166A-19.21. Nothing in this subdivision is intended to exempt the
14 Division from other requirements of Article 8 of Chapter 143 of the General
15 Statutes.

16 (25) The Division may contract for services from vendors specializing in housing
17 elevation, acquisition, demolition, and mitigation reconstruction on private
18 residential structures to implement the federal Hazard Mitigation Grant
19 Program on behalf of the State or political subdivisions. Nothing in this
20 subdivision is intended to exempt the Division from other requirements of
21 Article 8 of Chapter 143 of the General Statutes."

22 **SECTION 5.9.(m)** G.S. 143B-135.244 reads as rewritten:

23 "**§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.**

24 The Chair of the Board of Trustees shall report no later than December 1 each year to the
25 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the
26 Environmental Review Commission, the Subcommittees of the House of Representatives and
27 Senate Appropriations Committees with jurisdiction over natural and economic resources, and
28 the Fiscal Research Division of the General Assembly regarding the implementation of this Part.
29 The report shall include a list of the projects awarded grants from the Fund for the previous
30 12-month period. The list shall include for each project a description of the project, the amount
31 of the grant awarded for the project, and the total cost of the project. Beginning in 2024 and
32 annually thereafter, the report shall also include a review of all projects funded over time for the
33 purpose set forth in G.S. 143B-135.234(c)(12) and the extent to which each project reduced
34 flooding during flooding events."

35 **SECTION 5.9.(n)** G.S. 143-214.11A is amended by adding a new subsection to
36 read:

37 "(e) The Division shall include in the annual report required by G.S. 143-214.13
38 information on projects funded under this section. The report shall include a list and description
39 of projects funded, the amount of State funds and total budget for each project, and the amount
40 of flood storage capacity enhanced or restored for each project."

41 **SECTION 5.9.(o)** Reporting Requirements. – The Office of State Budget and
42 Management shall report to the chairs of the House of Representatives and Senate Appropriations
43 Committees and to the Fiscal Research Division of the General Assembly on the implementation
44 of this section on a quarterly basis and shall also provide any additional reports or information
45 requested by the Fiscal Research Division. Each report required by this section shall include
46 information about all funds expended or encumbered pursuant to this section as of the date of the
47 report, regardless of which State agency, federal agency, or non-State entity administers the
48 funds. Non-State entities that administer or receive any funds appropriated in this section shall
49 assist and fully cooperate with the Office of State Budget and Management in meeting the
50 Office's obligations under this section.

51

TEMPORARY CERTIFICATE OF NEED EXEMPTION

SECTION 5.10.(a) Notwithstanding G.S. 131E-184, or any provision of law to the contrary, the Department of Health and Human Services (Department) shall exempt from certificate of need review a new general acute hospital to be constructed in a county if the Department receives prior written notice from the entity proposing the new hospital, which notice (i) includes an explanation of why the new hospital is required and (ii) shows that the county where the new hospital will be located meets the requirements of subsection (b) of this section.

SECTION 5.10.(b) The exemption established by subsection (a) of this section applies only to construction and operation of a general acute care hospital to be located in any county that meets all of the following criteria:

(1) The county has a total population under 50,000 and a total land area under 450 square miles, according to the most recent federal decennial census.

(2) The county contains a portion of a city that is located in more than one county.

(3) The county is located along the State's border with another state.

SECTION 5.10.(c) This section becomes effective October 1, 2021, and expires December 31, 2024.

MODIFIED USE OF CORONAVIRUS RELIEF FUNDS ALLOCATED TO THE NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH CAROLINA HEALTH CARE FACILITIES ASSOCIATION FOR COVID-19 TESTING

SECTION 5.11. Subdivision (35a) of Section 3.3 of S.L. 2020-4, as enacted by Section 1.2 of S.L. 2020-97, reads as rewritten:

"(35a) \$34,002,617 in nonrecurring funds to OSBM to be allocated for COVID-19 testing, as provided in sub-subdivisions a. and b. of this subdivision.

a. \$29,002,617 to be distributed in equal amounts to the nonprofit organizations known as NC Senior Living Association (NCSLA), NC Health Care Facilities Association (NCHCFA), and NC Assisted Living Association (NCALA) to ~~purchase~~ purchase COVID-19 tests for distribution to their members, or to reimburse their members for the purchase of COVID-19 tests that, at a minimum, have been approved for emergency use by the United States Food and Drug Administration. NCSLA, NCHCFA, and NCALA shall use at least fifty percent (50%) of their allocated funds to purchase rapid COVID-19 tests for distribution to their member facilities. NCSLA, NCHCFA, and NCALA shall distribute all tests funded by this allocation equally among their member facilities, free of charge, for testing facility staff, residents, and visitors. Each of the member facilities shall reserve the COVID-19 rapid tests received under this subdivision for testing visitors who are family members or legal guardians of residents.

b. \$5,000,000 to the Board of Governors of The University of North Carolina (UNC), to be used to effectively mitigate the spread of COVID-19 on UNC campuses through testing, tracing, enforcing required on-campus isolation and quarantine, and providing COVID-19 related health care services."

STATE CASH MANAGEMENT CLARIFICATION

SECTION 5.12.(a) G.S. 147-86.11(f) reads as rewritten:

"(f) Disbursement Requirements. – For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

(1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee. If an ultimate payee is required by law to submit information for certification or verification by the State Auditor, then no disbursement may be made to that ultimate payee if the certification or verification has not been issued by the State Auditor to the State Controller.

...."

SECTION 5.12.(b) This section is effective when it becomes law.

NC PROMISE/ADD FAYETTEVILLE STATE

SECTION 5.13.(a) G.S. 116-143.11 reads as rewritten:

"§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations; annual report.

(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University as follows: ~~beginning with the 2018 fall academic semester~~, the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students shall be two thousand five hundred dollars (\$2,500) per academic semester.

(b) Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University.

(c) When implementing the provisions of this section, the Board of Governors shall give due consideration to maintaining the unique historical character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

(d) ~~By October 1, 2018, and by October 1 of each year thereafter, year,~~ the Board of Governors and the chancellors of Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

(1) The amount required to offset the forgone tuition receipts at each of the ~~three~~ four constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each constituent institution.

(2) The number of enrolled resident students at each constituent institution.

(3) The number of enrolled nonresident students at each constituent institution."

SECTION 5.13.(b) Notwithstanding G.S. 116-143.11(d), as amended by this section, the initial report for Fayetteville State University shall be submitted by October 1, 2022.

SECTION 5.13.(c) This section applies beginning with the 2022-2023 academic year.

PROPERTY OWNERS' RIGHTS/TREE ORDINANCES

SECTION 5.14.(a) Article 8 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-205.4. Limitations on regulating trees.

1 Without express statutory or local act authority, no ordinance regulating the removal of trees
 2 from private property or regulating trees on land owned or operated by a public airport authority
 3 may be adopted or enforced. None of the following shall be used by a governing body as the
 4 basis for adopting or enforcing ordinances regulating the removal of trees from private property:

5 (1) The general police powers.

6 (2) Any powers authorized in this Chapter, Chapter 153A, or Chapter 160D of the
 7 General Statutes.

8 (3) Any other general or local law, except a general or local law expressly
 9 authorizing a governing body to adopt ordinances regulating the removal of
 10 trees from private property."

11 **SECTION 5.14.(b)** Article 6 of Chapter 153A of the General Statutes is amended
 12 by adding a new section to read:

13 **"§ 153A-145.9. Limitations on regulating trees.**

14 G.S. 160A-205.4 shall apply to counties."

15 **SECTION 5.14.(c)** Part 2 of Article 9 of Chapter 160D of the General Statutes is
 16 amended by adding a new section to read:

17 **"§ 160D-920.1. Limitations on regulating trees.**

18 G.S. 160A-205.4 shall apply to all development regulations under this Chapter."

19 **SECTION 5.14.(d)** G.S. 153A-123(h) is repealed.

20 **SECTION 5.14.(e)** G.S. 160A-175(h) is repealed.

21 **SECTION 5.14.(f)** G.S. 160D-921 reads as rewritten:

22 **"§ 160D-921. Forestry activities.**

23 ...

24 (b) A local government shall not adopt or enforce any ordinance, rule, regulation, or
 25 resolution that regulates either of the following:

26 (1) Forestry activity on forestland that is taxed on the basis of its present-use value
 27 as forestland under Article 12 of Chapter 105 of the General Statutes.

28 (2) Forestry activity that is conducted in accordance with a forest management
 29 plan that is prepared or approved by a forester registered in accordance with
 30 Chapter 89B of the General Statutes.

31 (c) This section shall not be construed to limit, expand, or otherwise alter the authority
 32 of a local government to:

33 (1) Regulate activity associated with development. A local government may deny
 34 a building permit or refuse to approve a site or subdivision plan for either a
 35 period of up to:

36 a. Three years after the completion of a timber harvest if the harvest
 37 results in the removal of all or substantially all of the trees that were
 38 protected under local government regulations governing development
 39 ~~from~~of the tract of land for which the permit or approval is sought. No
 40 local government regulations regulating the removal of trees from
 41 private property are enforceable unless expressly authorized by local
 42 act of the General Assembly.

43 b. Five years after the completion of a timber harvest if the harvest results
 44 in the removal of all or substantially all of the trees that were protected
 45 under local government regulations governing development ~~from~~of
 46 the tract of land for which the permit or approval is sought and the
 47 harvest was a willful violation of the local government regulations. No
 48 local government regulations regulating the removal of trees from
 49 private property are enforceable unless expressly authorized by local
 50 act of the General Assembly.

51 (2) Regulate trees pursuant to any local act of the General Assembly.

- 1 (3) Adopt ordinances that are necessary to comply with any federal or State law,
2 regulation, or rule.
3 (4) Exercise its planning or zoning authority under this Chapter.
4 (5) Regulate and protect streets."

5 **SECTION 5.14.(g)** Any local acts authorizing ordinances regulating the removal of
6 trees from private property before the date this section becomes law, and any ordinances adopted
7 under the authority of those local acts, shall remain in effect after this section becomes law.

8 **SECTION 5.14.(h)** Any ordinances regulating the removal of trees from private
9 property that were adopted before the date this section becomes law without the express
10 authorization of the General Assembly shall not be enforced after the date this section becomes
11 law.

12 **SECTION 5.14.(i)** This section becomes effective June 30, 2022.

13 **PERIODIC INSPECTIONS FOR HAZARDOUS CONDITIONS**

14 **SECTION 5.15.(a)** G.S. 160D-1207(c) reads as rewritten:

15 "(c) In no event may a local government do any of the following: (i) adopt or enforce any
16 ordinance that would require any owner or manager of rental property to obtain any permit or
17 permission ~~under Article 11 or Article 12 of this Chapter~~ from the local government to lease or
18 rent residential real property or to register rental property with the local government, except for
19 those individual properties that have more than four verified violations in a rolling 12-month
20 period or two or more verified violations in a rolling 30-day period, or upon the property being
21 identified within the top ten percent (10%) of properties with crime or disorder problems as set
22 forth in a local ordinance, (ii) require that an owner or manager of residential rental property
23 enroll or participate in any governmental program as a condition of obtaining a certificate of
24 occupancy, (iii) levy a special fee or tax on residential rental property that is not also levied
25 against other commercial and residential properties, unless expressly authorized by general law
26 or applicable only to an individual rental unit or property described in clause (i) of this subsection
27 and the fee does not exceed five hundred dollars (\$500.00) in any 12-month period in which the
28 unit or property is found to have verified violations, (iv) provide that any violation of a rental
29 registration ordinance is punishable as a criminal offense, or (v) require any owner or manager
30 of rental property to submit to an inspection before receiving any utility service provided by the
31 local government. For purposes of this section, the term "verified violation" means all of the
32 following:

- 33 following:
34 (1) The aggregate of all violations of housing ordinances or codes found in an
35 individual rental unit of residential real property during a 72-hour period.
36 (2) Any violations that have not been corrected by the owner or manager within
37 21 days of receipt of written notice from the local government of the
38 violations. Should the same violation occur more than two times in a 12-month
39 period, the owner or manager may not have the option of correcting the
40 violation. If the housing code provides that any form of prohibited tenant
41 behavior constitutes a violation by the owner or manager of the rental
42 property, it shall be deemed a correction of the tenant-related violation if the
43 owner or manager, within 30 days of receipt of written notice of the
44 tenant-related violation, brings a summary ejectment action to have the tenant
45 evicted."

46 **SECTION 5.15.(b)** This section becomes effective October 1, 2021, and any
47 inconsistent ordinance or policy shall be void and unenforceable on or after that date.

48 **SMALL BUSINESS RETIREMENT SAVINGS PROGRAM ESTABLISHED**

49 **SECTION 5.16.** Article 10 of Chapter 143B of the General Statutes is amended by
50 adding a new Part to read:
51

1 "Part 2L. North Carolina Small Business Retirement Savings Program.

2 "§ 143B-437.105. Title.

3 This Part shall be known as the "North Carolina Small Business Retirement Program"
4 or "North Carolina Work and Save."

5 "§ 143B-437.106. Definitions.

6 The following definitions apply in this Part:

- 7 (1) Administrative Fund. – The North Carolina Small Business Retirement
8 Savings Administrative Fund established in G.S. 143B-427.115.
- 9 (2) Board. – The North Carolina Small Business Retirement Savings Program
10 Board.
- 11 (3) Covered employee. – An individual who is employed by a covered employer,
12 who has wages or other compensation that is allocable to the State, and who
13 is at least 18 years of age. A covered employee does not include any of the
14 following:
- 15 a. Any employee covered under the federal Railway Labor Act (45
16 U.S.C. § 151).
- 17 b. Any employee on whose behalf an employer makes contributions to a
18 Taft-Hartley multiemployer pension trust fund.
- 19 c. Any individual who is an employee of the federal government, the
20 State or any other state, any county or municipal corporation, or any
21 of the State's, any other state's, or the federal government's units or
22 instrumentalities.
- 23 (4) Covered employer. – A person or entity engaged in a business, industry,
24 profession, trade, or other enterprise in the State, whether for profit or not for
25 profit, excluding the federal government, the State, any county, any
26 municipality, or any political subdivision of the State, and provided that
27 covered employer does not include an employer that maintains a specified
28 tax-favored retirement plan for its employees or has done so effective in form
29 and operation at any time within the current or two preceding calendar years.
30 If an employer does not maintain a specified tax-favored retirement plan for a
31 portion of a calendar year ending on or after the effective date of this Article
32 and adopts such a plan effective for the remainder of that calendar year, the
33 employer is exempt from covered employer status for that remainder of the
34 year.
- 35 (4a) Department. – The North Carolina Department of Commerce.
- 36 (5) ERISA. – The Employee Retirement Income Security Act of 1974, as
37 amended (29 U.S.C. § 1001 et seq.).
- 38 (6) Internal Revenue Code. – The Internal Revenue Code of 1986, as amended
39 (Title 26 of the United States Code).
- 40 (7) IRA. – A traditional or Roth individual retirement account or individual
41 retirement annuity.
- 42 (8) Participant. – An individual who is contributing to an IRA under the Program
43 or has an IRA account balance under the Program.
- 44 (9) Participating employer. – A covered employer that provides for covered
45 employees a payroll deduction IRA provided for by this Article.
- 46 (10) Payroll deduction IRA arrangement or payroll deduction IRA. – An
47 arrangement by which an employer allows employees to contribute to an IRA
48 by means of payroll deduction.
- 49 (11) Program or North Carolina Work and Save Program. – The Small Business
50 Retirement Savings Program established by this Article.

- 1 (12) Roth IRA. – A Roth individual retirement account or individual retirement
2 annuity under section 408A of the Internal Revenue Code.
- 3 (13) Specified tax-favored retirement plan. – A retirement plan that is tax-qualified
4 under or is described in and satisfies the requirements of subsection 401(a),
5 401(k), 403(a), 403(b), 408(k) (Simplified Employee Pension), or 408(p)
6 (SIMPLE-IRA) of the Internal Revenue Code.
- 7 (14) Total fees and expenses. – All fees, costs, and expenses, including, but not
8 limited, to administrative expenses, investment expenses, investment advice
9 expenses, accounting costs, actuarial costs, legal costs, marketing expenses,
10 education expenses, trading costs, insurance annuitization costs, and other
11 miscellaneous costs.
- 12 (15) Traditional IRA. – A traditional individual retirement account or traditional
13 individual retirement annuity under section 408(a) or (b) of the Internal
14 Revenue Code.
- 15 (16) Trust. – The trust in which the assets of the Program are held. Where
16 applicable, except as may be otherwise specified, references throughout this
17 Article to the Program generally are intended to refer also to the Trust
18 including the assets, facilities, costs and expenses, receipts, expenditures,
19 activities, operations, administration, or management.

20 **§ 143B-437.107. Establishment of Board.**

21 (a) The North Carolina Small Business Retirement Savings Board is established for
22 administrative purposes in the Department of Commerce, but the Board shall exercise its powers
23 and duties independently of the Department. The Department shall provide administrative
24 support for the Board in carrying out its duties pursuant to this Article.

25 (b) The Board shall consist of 12 members.

26 (1) Ten voting members shall be appointed as follows:

- 27 a. The State Treasurer shall appoint a member who has a favorable
28 reputation for skill, knowledge, and experience in retirement
29 investment products or retirement plan designs.
- 30 b. Five members appointed by the Governor as follows:
- 31 1. One member who has a favorable reputation for skill,
32 knowledge, and experience in retirement investment products
33 or retirement plan designs.
- 34 2. One member who has a favorable reputation for skill,
35 knowledge, and experience relating to small business or
36 covered employers.
- 37 3. One member from the Office of State Budget and Management
38 or other designee knowledgeable about fiscal impacts.
- 39 4. One member who is an employee of the Department of
40 Commerce.
- 41 5. One member of the public.
- 42 c. Two members appointed by the General Assembly upon the
43 recommendation of the Speaker of the House of Representatives as
44 follows:
- 45 1. One member who is a retired individual or an individual who
46 represents persons retired to be a representative of the interests
47 of retirees.
- 48 2. One member who has a favorable reputation for skill,
49 knowledge, and experience in the interests of employers in
50 retirement saving.

1 d. Two members appointed by the General Assembly upon the
2 recommendation of the President Pro Tempore of the Senate as
3 follows:

4 1. One member who is a representative of an association
5 representing employees or who has a favorable reputation for
6 skill, knowledge, and experience in the interests of employees
7 in retirement saving.

8 2. One member who has a favorable reputation for skill,
9 knowledge, and experience in retirement investment products
10 or retirement plan designs.

11 (2) In addition to the 10 voting members, the President Pro Tempore of the Senate
12 and the Speaker of the House of Representatives shall each appoint one
13 nonvoting advisory member.

14 (c) All initial appointments shall be made no later than October 1, 2021. Of the initial
15 five appointments made by the Governor, two shall be appointed for four-year terms, two shall
16 be appointed for two-year terms, and one shall be appointed for a one-year term, with all terms
17 to begin on October 1, 2021. Of the initial two appointments made by the General Assembly
18 upon the recommendation of the President Pro Tempore of the Senate, one shall be appointed for
19 a four-year term and one shall be appointed for a two-year term, with both terms to begin on
20 October 1, 2021. Of the initial two appointments made by the General Assembly upon the
21 recommendation of the Speaker of the House of Representatives, one shall be appointed for a
22 four-year term and one shall be appointed for a two-year term, with both terms to begin on
23 October 1, 2021. The initial appointment by the State Treasurer shall be for a term of three years
24 to begin on October 1, 2021. All successors shall be appointed for four-year terms. All members
25 of the Board shall serve at the pleasure of the appointing authority.

26 (d) Members of the Board shall serve without compensation and shall receive per diem,
27 subsistence, and travel allowances as provided in G.S. 138-5 and G.S. 138-6 as applicable.

28 (e) The Governor shall convene the first meeting of the Board no later than October 15,
29 2021. A majority of the voting members of the Board constitutes a quorum. The first order of
30 business before the Board shall be to elect a chair from among the Board's membership. A
31 vacancy in the membership of the Board shall not impair the right of a quorum to exercise the
32 powers and duties of the Board.

33 **"§ 143B-437.108. Powers and duties of the Board.**

34 (a) The Board shall have the following powers and duties, subject to its authority and
35 fiduciary duty:

36 (1) Design, develop, implement, maintain, govern, and promulgate rules with
37 respect to a payroll deduction retirement savings program for covered
38 employers and, to that end, may conduct market, legal, and feasibility
39 analyses.

40 (2) Elect a chair and other officers it deems necessary.

41 (3) Meet as necessary to perform its duties.

42 (4) Appoint an executive director, who shall be the chief administrative officer of
43 the Board.

44 (5) Retain trustees, record keepers, investment managers, investment advisors,
45 and other administrative, professional, expert advisors and service providers,
46 none of whom shall be members of the Board and all of whom shall serve at
47 the pleasure of the Board, and determine their duties and compensation. The
48 Board may authorize the executive director and other officials to oversee
49 requests for proposals or other public competitions and enter into contracts on
50 behalf of the Board and conduct any business necessary for the efficient
51 operation of the Board.

- 1 (6) Cause the Program, Trust, and arrangements and accounts established under
2 the Program to be designed, established, and operated:
3 a. In accordance with best practices for retirement saving vehicles.
4 b. To encourage participation, saving, sound investment practices, and
5 appropriate selection of investment options, including any default
6 investments.
7 c. To maximize simplicity and ease of administration for covered
8 employers.
9 d. To arrange for collective, common, and pooled investment of assets of
10 the Program and Trust, including investments in conjunction with
11 other funds with which these assets are permitted by law to be
12 collectively invested, with a view to achieving economies of scale and
13 other efficiencies designed to minimize costs for the Program and its
14 participants, to promote portability of benefits.
15 e. To avoid preemption of the Program by federal law (Employee
16 Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.).
17 (7) Develop and implement an investment policy that defines the Program's
18 investment objectives, consistent with the objectives of the Program, and that
19 provides for policies and procedures consistent with those investment
20 objectives. The Board shall designate appropriate default investments that
21 include a mix of asset classes, such as target date and balanced funds. The
22 Board shall seek to minimize participant fees and expenses of investment and
23 administration. The Board shall strive to design and implement investment
24 options available to holders of accounts established as part of the Program and
25 other Program features that are intended to achieve maximum possible income
26 replacement balanced with an appropriate level of risk in an IRA-based
27 environment consistent with the investment objectives under the policy. The
28 investment options may encompass a range of risk and return opportunities
29 and allow for a rate of return commensurate with an appropriate level of risk
30 in view of the investment objectives under the policy. The menu of investment
31 options shall be determined taking into account the nature and objectives of
32 the Program, the desirability based on behavioral research findings of limiting
33 investment choices under the Program to a reasonable number, and the
34 extensive investment choices available to participants in the event that they
35 roll over to an IRA outside the Program.
36 (8) Set and collect necessary fees from covered employees for application,
37 account, or administrative processing and accept any grants, gifts, legislative
38 appropriations, loans, and other moneys from the State, any unit of federal,
39 State, or local government, or any other person, firm, or entity to defray the
40 costs of administering and operating the Program.
41 (9) If necessary, determine the eligibility of an employer, employee, or other
42 individual to participate in the Program.
43 (10) Adopt rules it deems necessary or advisable for the implementation of this
44 Article and the administration and operation of the Program.
45 (11) Cause expenses incurred to initiate, implement, maintain, and administer the
46 Program to be paid from contributions to, or investment returns or assets of,
47 the Program or other money collected by or for the Program or pursuant to
48 arrangements established under the Program to the extent permitted under
49 federal and State law.
50 (12) Invest and reinvest its funds in the Administrative Fund in accordance with
51 applicable State and federal laws.

- 1 (13) Make and enter into competitively procured contracts, agreements,
2 memoranda of understanding, partnerships, or other arrangements, to
3 collaborate and cooperate with, and to retain, employ, and contract with or for
4 any of the following to the extent necessary or desirable, for the effective and
5 efficient design, implementation, and administration of the Program
6 consistent with the purposes set forth in this Article and to maximize outreach
7 to covered employers and covered employees:
- 8 a. Services of private and public financial institutions, depositories,
9 consultants, actuaries, counsel, auditors, investment advisers,
10 investment administrators, investment management firms, other
11 investment firms, third-party administrators, other professionals and
12 service providers, and State public retirement systems.
- 13 b. Research, technical, financial, administrative, and other services.
- 14 c. Services of other State agencies to assist the Board in the exercise of
15 its powers and duties.
- 16 (14) The Board may enter into an intergovernmental agreement or memorandum
17 of understanding with the State and any agency of the State to receive
18 outreach, technical assistance, enforcement and compliance services,
19 collection or dissemination of information pertinent to the Program subject to
20 such obligations of confidentiality as may be agreed or required by law, or
21 other services or assistance. The State and any agencies of the State that enter
22 into such agreements or memoranda of understanding shall collaborate to
23 provide the outreach, assistance, information, and compliance or other
24 services or assistance to the Board. The memoranda of understanding may
25 cover the sharing of costs incurred in gathering and disseminating information
26 and the reimbursement of costs for any enforcement activities or assistance.
- 27 (15) Make and enter into contracts, agreements, memoranda of understanding,
28 arrangements, partnerships, or other arrangements to collaborate, cooperate,
29 coordinate, contract, or combine resources, investments, or administrative
30 functions with other governmental entities, including other states or their
31 agencies or instrumentalities that maintain or are establishing retirement
32 savings programs compatible with the Program, including collective,
33 common, or pooled investments with other funds of other states' programs
34 with which the assets of the Program and Trust are permitted by law to be
35 collectively invested, to the extent necessary or desirable for the effective and
36 efficient design, administration, and implementation of the Program
37 consistent with the purposes set forth in this Article, including the purpose of
38 achieving economies of scale and other efficiencies designed to minimize
39 costs for the Program.
- 40 (16) Develop and implement an education and outreach plan to gain input and
41 disseminate information regarding the North Carolina Work and Save
42 Program and retirement savings and financial literacy in general.
- 43 (17) Establish procedures for the timely and fair resolution of participant and other
44 disputes related to accounts or program operation.
- 45 (18) Evaluate the need for, and procure if and as deemed necessary, pooled private
46 insurance against any and all loss in connection with the property, assets, or
47 activities of the Program.
- 48 (19) Borrow from the State, any unit of federal, State, or local government, or any
49 other person, firm, partnership, corporation, or other entity working capital
50 funds and other funds as may be necessary for this purpose, provided that such

1 funds are borrowed in the name of the Program and Board only and that any
2 such borrowings shall be payable solely from the revenues of the Program.

3 (20) Enter into long-term procurement contracts with one or more financial
4 providers that provide a fee structure that would assist the Program in avoiding
5 or minimizing the need to borrow or to rely upon general assets of the State.

6 (b) In addition to the applicable prohibitions contained in Article 4 of Chapter 138A of
7 the General Statutes, a Board member, executive director, and other staff of the Board shall not
8 do any of the following:

9 (1) Directly or indirectly have any interest in the making of any investment under
10 the Program or in gains or profits accruing from any such investment.

11 (2) Borrow any Program-related funds or deposits or use any such funds or
12 deposits in any manner, for himself or herself or as an agent or partner of
13 others.

14 (3) Become an endorser, surety, or obligor on investments made under the
15 Program.

16 **"§ 143B-437.109. Standard of conduct; fiduciary duty.**

17 The Board, individual members of the Board, all persons serving as staff to the Program, and
18 any other agents appointed or engaged shall discharge their duties for the exclusive purpose of
19 providing benefits to the Program participants and administering the Program with discharge of
20 its duties and shall:

21 (1) Defray reasonable expenses in the administration of the Program.

22 (2) Govern Program investors with the care, skill, prudence, and diligence as a
23 prudent person acting in a like capacity would.

24 (3) Comply with all State ethics laws and regulations.

25 **"§ 143B-437.110. Requirements for the North Carolina Small Business Retirement Savings**
26 **Program.**

27 The Program developed and established by the Board shall:

28 (1) Provide a process to facilitate voluntary enrollment into the Program for
29 covered employers, covered employees, and self-employed persons.

30 (2) Provide that the IRA to which contributions are made will be a Roth IRA,
31 except that the Board shall have the authority at any time to add an option for
32 all participants to affirmatively elect to contribute to a traditional IRA as an
33 alternative to the Roth IRA.

34 (3) Provide that the standard package shall be a Roth IRA with a target date fund
35 investment, and a contribution rate that begins at five percent (5%) of salary
36 or wages; provided, however, that the covered employee can choose to stop
37 participation altogether, to use a traditional IRA and a different investment
38 from among the options available, and to contribute at a higher or lower
39 contribution rate, subject to the IRA contribution dollar limits applicable
40 under the Internal Revenue Code.

41 (4) Provide on a uniform basis, if and when the Board so determines, in its
42 discretion, for annual increases of each participant's contribution rate, by not
43 more than one percent (1%) of salary or wages per year up to a maximum of
44 eight percent (8%). Any such increases shall apply to participants, as
45 determined by the Board, by default or only if initiated by affirmative
46 participant election included as part of the standard package, in either case
47 subject to the IRA contribution limits applicable under the Internal Revenue
48 Code.

49 (5) Allow a covered employer to withhold payroll deductions from a covered
50 employee's paycheck for the express purpose of making a covered employee
51 contribution to the Program funds.

- 1 (6) Include a process for direct deposit of contributions into covered employee
2 investments in the Program.
- 3 (7) Covered employers are not allowed to make employer contributions to the
4 covered employee's accounts.
- 5 (8) Allow for covered employees to make non-payroll contributions into an
6 account in addition to the covered employer payroll deducted amounts.
- 7 (9) Include an account reporting system that requires separate records and
8 accounting for each covered employer and covered employee enrolled.
- 9 (10) Include an account status notification process for covered employees to be
10 notified about and track their investments pursuant to this Article.
- 11 (11) Allow portability of benefits, including the ability to make tax-free rollovers
12 or transfers from accounts under the Program to other non-program retirement
13 accounts or to tax-qualified plans that accept such rollovers or transfers
14 provided any rollover is initiated by the employee.
- 15 (12) Establish rules and procedures governing the distribution of funds from the
16 Program, including such distributions as may be permitted or required by the
17 Program and any applicable provisions of tax laws, with the objectives of
18 maximizing financial security in retirement, helping to protect spousal rights,
19 and assisting participants with the challenges of decumulation of savings. The
20 Board shall have the authority, in its discretion, to provide for one or more
21 reasonably priced distribution options to provide a source of fixed retirement
22 income, including income for life or for the participant's life expectancy (or
23 for joint lives and life expectancies, as applicable).
- 24 (13) Pool accounts as necessary under the Program for optimum investment
25 opportunity and return on investment outcomes.
- 26 (14) Be professionally managed.
- 27 (15) Provide a report on the status of each Program participant's account to each
28 Program participant at least annually.
- 29 (16) Provide that each program participant owns the contributions to and earnings
30 on amounts contributed to the participant's account under this Article and that
31 the State, the Board, and covered employers have no proprietary interest,
32 whether legal or equitable, in those contributions or earnings.
- 33 (17) Keep total fees and expenses as low as practicable and in any event each year
34 not in excess of 100 basis points of the total assets of the Program, except that
35 this limit shall not apply during a start-up period of three years beginning with
36 the initial implementation of the Program.
- 37 (18) Be designed and implemented in a manner consistent with federal law,
38 including favorable federal tax treatment, to the extent that it applies and
39 consistent with the Program not being preempted by ERISA.
- 40 (19) Ensure that the North Carolina Small Business Retirement Savings Program
41 is designed to be financially self-sustaining over time.
- 42 (20) Provide that, if a covered employer fails to transmit a payroll deduction
43 contribution to the Program on the earliest date the amount withheld from the
44 covered employee's compensation can reasonably be segregated from the
45 covered employer's assets, but not later than the fifteenth day of the month
46 following the month in which the covered employee's contribution amounts
47 are withheld from his or her paycheck, the failure to remit such contributions
48 on a timely basis shall be subject to the same sanctions as employer
49 misappropriation of employee wage withholdings and to penalties.

50 **"§ 143B-437.111. Rules for the North Carolina Work and Save Program.**

51 The Board shall adopt rules to implement the Program that:

- 1 (1) Establish the processes for enrollment and contributions to Payroll Deduction
2 IRAs under the Program, including elections by covered employees,
3 withholding by covered employers of employee payroll deduction
4 contributions from wages and remittance for deposit to IRAs, and voluntary
5 enrollment and contributions by others, including self-employed individuals
6 and independent contractors, through payroll deduction or otherwise.
7 (2) Establish the processes for withdrawals, rollovers, and direct transfers from
8 IRAs under the Program in the interest of facilitating portability and
9 maximization of benefits.
10 (3) Establish processes for phasing in enrollment of eligible individuals.
11 (4) Conduct outreach to individuals, employers, other stakeholders, and the public
12 regarding the Program. Specify the contents, frequency, timing, and means of
13 required disclosures from the Program to covered employees, participants,
14 other individuals eligible to participate in the Program, covered employers,
15 and other interested parties. These disclosures shall include, but need not be
16 limited to:
17 a. The benefits associated with tax-favored retirement saving.
18 b. The potential advantages and disadvantages associated with
19 contributing to Roth IRAs and, if applicable, traditional IRAs under
20 the Program.
21 c. The eligibility rules for Roth IRAs and, if applicable, traditional IRAs.
22 d. That the individual and not the employer, the State, the Board, any
23 Board member or other State official, or the Program will be solely
24 responsible for determining whether and, if so, how much the
25 individual is eligible to contribute on a tax-favored basis to an IRA.
26 e. The penalty for excess contributions to IRAs and the method of
27 correcting excess contributions.
28 f. Instructions for enrolling, making elections to contribute or to decline
29 to contribute, and making elections regarding contribution rates, type
30 of IRA, and investments.
31 g. Instructions for implementing and for changing the elections.
32 h. The potential availability of a saver's tax credit, including the
33 eligibility conditions for the credit and instructions on how to claim it.
34 i. That employees seeking tax, investment, or other financial advice
35 should contact appropriate professional advisors, and that Covered
36 Employers are not in a position to provide such advice and are not
37 liable for decisions individuals make in relation to the Program.
38 j. That the Payroll Deduction IRAs are intended not to be
39 employer-sponsored retirement plans and that the Program is not an
40 employer-sponsored retirement plan.
41 k. The potential implications of account balances under the Program for
42 the application of asset limits under certain public assistance
43 programs.
44 l. That the account owner is solely responsible for investment
45 performance, including market gains and losses, and that IRA
46 accounts and rates of return are not guaranteed by any employer, the
47 State, the Board, any Board member or State official, or the Program.
48 m. Additional information about retirement and saving and other
49 information designed to promote financial literacy and capability
50 which may take the form of links to, or explanations of how to obtain,
51 such information.

n. How to obtain additional information about the Program.

"§ 143B-427.112. Protection from liability for covered employers.

(a) A covered employer or other employer is not and shall not be liable for or bear responsibility for any of the following:

- (1) An employee's decision to participate in or not to participate in the Program or a participant's specific elections under the Program.
- (2) Participants' or the Board's investment decisions.
- (3) The administration, investment, investment returns, or investment performance of the Program, including, without limitation, any interest rate or other rate of return on any contribution or account balance, provided they play no role.
- (4) The Program design or the benefits paid to participants.
- (5) Individuals' awareness of or compliance with the conditions and other provisions of the tax laws that determine which individuals are eligible to make tax-favored contributions to IRAs, in what amount, and in what time frame and manner.
- (6) Any loss, failure to realize any gain, or any other adverse consequences, including, without limitation, any adverse tax consequences or loss of favorable tax treatment, public assistance, or other benefits, incurred by any person as a result of participating in the Program.

(b) No covered employer or other employer shall be, or shall be considered to be, a fiduciary in relation to the Program or Trust or any other arrangement under the Program.

"§ 143B-427.113. Protection from liability for the State.

The State has no duty or liability to any party for the payment of any retirement savings benefits accrued by any individual under the Program. The State, the Board, each member of the Board, and the Program:

- (1) Shall have no responsibility for compliance by individuals with the conditions and other provisions of the Internal Revenue Code that determine which individuals are eligible to make tax-favored contributions to IRAs, in what amount, and in what time frame and manner.
- (2) Shall have no duty, responsibility, or liability to any party for the payment of any benefits under the Program, regardless of whether sufficient funds are available under the Program to pay such benefits.
- (3) Do not and shall not guarantee any interest rate or other rate of return on or investment performance of any contribution or account balance.
- (4) Shall have no liability or responsibility for any loss, deficiency, failure to realize any gain, or any other adverse consequences, incurred by any person as a result of participating in the Program.

"§ 143B-427.114. Confidentiality of participant and account information.

Individual account information relating to accounts under the Program and relating to individual participants, including, but not limited to, names, addresses, telephone numbers, email addresses, personal identification information, investments, contributions, and earnings is confidential, is not a public record as defined in G.S. 132-1, and may not be disclosed except as follows:

- (1) To the extent necessary to administer the Program in a manner consistent with this Article the tax laws of this State, and Internal Revenue Code; or
- (2) To the extent that the individual who provides the information or is the subject of the information expressly agrees in writing to the disclosure of the information.

"§ 143B-427.115. Funding of Program.

1 The North Carolina Small Business Retirement Savings Administrative Fund is established,
2 to be held in trust separate and distinct from the General Fund. Interest earned by the
3 Administrative Fund shall be credited to the Administrative Fund. Moneys in the Administrative
4 Fund are continuously appropriated to the Board. The Administrative Fund consists of:

- 5 (1) Moneys appropriated to the Administrative Fund by the General Assembly.
- 6 (2) Moneys transferred to the Administrative Fund from the federal government,
7 other State agencies, or local governments.
- 8 (3) Moneys from the payment of application, account, administrative, or other
9 fees and the payment of other moneys due the Board.
- 10 (4) Any gifts, donations, or grants made to the State for deposit in the
11 Administrative Fund.
- 12 (5) Earnings on moneys in the Administrative Fund.

13 **"§ 143B-427.116. Annual report.**

14 (a) The Board shall cause an accurate account of all of the Program's, Trust's, and Board's
15 activities, operations, receipts, and expenditures to be maintained. By October 1 of each year, the
16 Board shall submit to the Governor and the Joint Legislative Commission of Governmental
17 Operations a report, detailing the activities, operations, receipts, and expenditures of the Program
18 and Board during the preceding calendar year. The report shall also include projected activities
19 of the Program for the current calendar year and any necessary statutory recommendations and
20 appropriations.

21 (b) Each year, a full audit of the books and accounts of the Board pertaining to those
22 activities, operations, receipts and expenditures, personnel, services, or facilities shall be
23 conducted by a certified public accountant and shall include, but not be limited to, direct and
24 indirect costs attributable to the use of outside consultants, independent contractors, and any other
25 persons who are not State employees for the administration of the Program. For the purposes of
26 the audit, the auditors shall have access to the properties and records of the Program and Board
27 and may prescribe methods of accounting and the rendering of periodic reports in relation to
28 projects undertaken by the Program.

29 **"§ 143B-427.117. Implementation.**

30 (a) The Board shall establish the Program so that individuals can begin contributing
31 under the Program not later than July 1, 2023.

32 (b) The Board shall not implement the Program if and to the extent the Board determines
33 that the Program is preempted by ERISA. Accordingly, the Board shall implement the Program
34 in a severable fashion to the extent practicable if and to the extent that the Board determines:

- 35 (1) That a portion or aspect of the Program is preempted by ERISA, in which
36 event the Board shall not implement that portion or aspect of the Program but
37 shall proceed to implement the remainder of the Program to the extent
38 practicable; or
- 39 (2) That some but not all of the Payroll Deduction IRA Arrangements or other
40 arrangements under the Program are or would be employee benefit plans
41 under ERISA, in which event the Board shall proceed to implement the
42 Program with respect to the other arrangements under the Program to the
43 extent practicable."

44
45 **FUNDS FOR THE NORTH CAROLINA ASSOCIATION OF PHARMACISTS**

46 **SECTION 5.17.(a)** Of the funds appropriated in this act from the State Fiscal
47 Recovery Fund to Statewide Reserves, Budget Code 19000, the sum of eight hundred thousand
48 dollars (\$800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the
49 North Carolina Association of Pharmacists (NCAP) to establish a grant program for reimbursing
50 licensed pharmacies located in this State for costs incurred to acquire cold storage units necessary
51 to properly store COVID-19 vaccines. The NCAP shall develop an application process and

1 criteria for determining reimbursement under this grant program, which shall include at least all
2 of the following:

- 3 (1) The cold storage unit must have been purchased in response to the COVID-19
4 public health emergency for the purpose of storing COVID-19 vaccines.
- 5 (2) Reimbursement is limited to cold storage units located in a licensed pharmacy
6 within the State of North Carolina.
- 7 (3) As a condition of receiving a grant under this program, a pharmacy shall
8 provide documented proof of cost for acquiring the cold storage unit that is
9 satisfactory to the NCAP, including the price paid for the cold storage unit and
10 any associated fees for delivery and installation.
- 11 (4) No pharmacy may receive a grant that exceeds the documented cost of
12 acquiring and installing the cold storage unit.
- 13 (5) No pharmacy may receive a grant to reimburse any costs incurred to acquire
14 a cold storage unit for which the pharmacy has already received
15 reimbursement from any other source or program.

16 **SECTION 5.17.(b)** The NCAP shall award all grants under this program by March
17 31, 2022. By June 1, 2022, the NCAP shall submit a report to the General Assembly announcing
18 the identity of the grantees and the amount awarded to each grantee.

19 **PART VI. COMMUNITY COLLEGE SYSTEM**

20 **CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS**

21 **SECTION 6.3.(a)** G.S. 115D-5(x) reads as rewritten:

22 "(x) In addition to the evaluation of cooperative innovative high schools by the State Board
23 of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in
24 conjunction with the State Board of Education and the Board of Governors of The University of
25 North Carolina, shall evaluate the success of students participating in the Career and College
26 Promise Program, including the College Transfer pathway and the Career and Technical
27 Education pathway. Success shall be measured by high school retention rates, high school
28 completion rates, high school dropout rates, certification and associate degree completion,
29 admission to four-year institutions, postgraduation employment in career or study-related fields,
30 and employer satisfaction of employees who participated in the programs. The evaluation shall
31 also include an analysis of the cost of students participating in each of the programs within the
32 Career and College Promise Program, including at least the following:

- 33 (1) Total enrollment funding, the number of budgeted full-time equivalent
34 students, and the number of students enrolled in courses through cooperative
35 innovative high schools, the College Transfer pathway, and the Career and
36 Technical Education pathway.
- 37 (2) The cost and number of waivers of tuition and registration fees provided for
38 students enrolled in courses through cooperative innovative high schools, the
39 College Transfer pathway, and the Career and Technical Education pathway.
- 40 (3) Any additional costs of a student attending courses on campus if a student is
41 not attending public school in a local school administrative unit for the
42 majority of the student's instructional time.

43 The Boards shall jointly report by March 15 of each year to the Joint Legislative Education
44 Oversight ~~Committee~~ Committee, the Senate Appropriations Committee on Education/Higher
45 Education, the House Appropriations Committee on Education, and the Fiscal Research Division
46 of the General Assembly. The report shall be combined with the evaluation of cooperative
47 innovative high schools required by G.S. 115C-238.55, and the Community Colleges System
48 Office shall be responsible for submitting the combined ~~report to the Committee report.~~"

49 **SECTION 6.3.(b)** G.S. 115C-238.55 reads as rewritten:
50
51

"§ 115C-238.55. Evaluation of cooperative innovative high schools.

The State Board of Education and the governing Boards shall evaluate the success of students in cooperative innovative high schools approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint Legislative Education Oversight ~~Committee~~ Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division of the General Assembly on the evaluation of these schools. The report shall be combined with the evaluation of and analysis of cost of students participating in the Career and College Promise Program required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for submitting the combined ~~report to the Committee report.~~"

SECTION 6.3.(c) This section applies beginning with the 2021-2022 academic year.

CC CHILDCARE GRANT PROGRAM/REPORT

SECTION 6.4. Article 3 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-40.5. Annual report on NC Community College Childcare Grant Program.

Beginning December 1, 2021, and annually thereafter, the Community Colleges System Office shall report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the administration of the North Carolina Community College Childcare Grant Program for the prior fiscal year. The report shall include at least the following information by each community college:

- (1) The number of applications received for grants from the program.
- (2) The amount of grant funds requested from the program.
- (3) The number of applications approved.
- (4) The total amount of grant funds awarded.
- (5) The range of the dollar amount of grant awards to individuals for child care expenses.
- (6) The types of child care utilized by students with grant funds, including before-school and after-school services."

CC PROGRAM OUTCOME REPORTING

SECTION 6.12. G.S. 115D-5 is amended by adding a new subsection to read:

"(z) Reports on State-Funded Programs. – Beginning October 1, 2022, and annually thereafter, the Community Colleges System Office shall file a report with the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee for all programs administered through the North Carolina Community College System that were provided an expansion of State appropriations or a new State appropriation in the Current Operations Appropriations Act from the prior fiscal year, including grants to non-State entities as defined in G.S. 143C-1-1. The report shall include information on program activities, objectives, and accomplishments and prior year State fiscal year itemized expenditures and fund sources. The System Office is not required to include information in the report for programs with an existing reporting requirement otherwise required by State law."

MARKETING AND OUTREACH FOR CTE AND WORK-BASED LEARNING PROGRAMS

1 **SECTION 6.13.(a)** Of the funds appropriated by this act for the 2021-2022 fiscal
2 year to the Community Colleges System Office, the System Office shall establish a program to
3 expand outreach and advertising efforts to raise awareness for parents and students regarding the
4 career and technical education (CTE) programs and high-quality work-based learning
5 experiences offered in high-demand fields and careers through partnerships with community
6 colleges, businesses, and public schools throughout the State. The System Office shall partner
7 with local school administrative units and public schools, as necessary.

8 **SECTION 6.13.(b)** The System Office shall submit an initial report by April 1, 2022,
9 and a final report by April 1, 2023, to the Senate Appropriations Committee on Education/Higher
10 Education, the House Appropriations Committee on Education, the Fiscal Research Division,
11 and the Joint Legislative Education Oversight Committee on activities related to outreach and
12 marketing and any data related to student outcomes, such as students entering CTE and
13 work-based learning programs as a result of those activities.

14 15 **EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH** 16 **DEMAND TRADES**

17 **SECTION 6.14.(a)** Program Established. – Of the funds appropriated by this act
18 from the State Fiscal Recovery Fund to the Community Colleges System Office, the System
19 Office shall establish a program to expand apprenticeship opportunities for high school
20 apprentices and non-high school apprentices between the ages of 16 and 25 by providing
21 incentives for small businesses in high-demand fields and careers, including, but not limited to,
22 surveying, engineering, design, and all construction trades, as well as welding, pipe fitting, and
23 engine mechanics. The program shall provide for small businesses to participate in
24 apprenticeships to meet business needs, assist with financial challenges and employment
25 demands in their local communities, and provide opportunities for apprenticeships that will lead
26 to certifications, licensing, or an associate degree in a career field and full-time employment.
27 Funds for the grant program shall be used to award grants to reimburse employers for the costs
28 associated with new apprentices within a Registered Apprenticeship with ApprenticeshipNC and
29 for tuition, fees, and cost of books for curriculum programs and short-term workforce credentials
30 in accordance with this section. For the purposes of this section, a small business shall mean a
31 business concern or other organization that (i) has no more than 500 employees or, if applicable,
32 the size standard in number of employees established by the Administrator of the Small Business
33 Administration for the industry in which the business concern or organization operates and (ii) is
34 a small business concern as defined in section 3 of the Small Business Act, 15 U.S.C. § 632.

35 **SECTION 6.14.(b)** Use of Funds. – The System Office shall administer the grant
36 program established under subsection (a) of this section for applicants that are small business
37 employers located in development tier one and development tier two areas as designated in the
38 annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08 for
39 the 2020 calendar year. The funds appropriated for the program shall be allocated by the System
40 Office to grant recipients as follows:

- 41 (1) Forty percent (40%) of the funds shall be allocated for apprenticeship
42 programs for apprentices that are enrolled in curriculum degree programs.
- 43 (2) Fifteen percent (15%) of the funds shall be allocated for apprenticeship
44 programs for apprentices that are high school students.
- 45 (3) The remaining funds shall be allocated for apprenticeship programs for
46 apprentices pursuing short-term workforce credentials.

47 Recipients of grants may be reimbursed for up to two thousand dollars (\$2,000) each
48 fiscal year in program expenses, including costs for purchasing program equipment and for costs
49 associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment.
50 For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to
51 two thousand five hundred dollars (\$2,500) in grant funds may be used each fiscal year to cover

1 the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds
2 may also be used to cover the costs of the salary of apprentices upon matching funds being made
3 available by a grant recipient in accordance with subsection (c) of this section. Apprentices
4 participating in the grant program paid with matching State funds shall be limited to an hourly
5 rate of pay of fifteen dollars (\$15.00) for non-high school students and fourteen dollars (\$14.00)
6 for high school students.

7 **SECTION 6.14.(c)** Matching Funds for Apprentices' Salary. – Funds made available
8 to grant recipients pursuant to this section for the salary costs of apprentices shall be matched on
9 the basis of one dollar (\$1.00) in non-State funds for every one dollar (\$1.00) in State funds.

10 **SECTION 6.14.(d)** Time-Limited Position. – From the funds provided to the System
11 Office pursuant to this section, the System Office may contract for a new, time-limited position
12 through the deadline established for the expenditure of federal funds under federal law and
13 guidance to coordinate and oversee deliverables, daily operations of the grant program, financial
14 management, monitoring and accountability of budget accuracy, and the validity of
15 disbursements.

16 **SECTION 6.14.(e)** Report. – The System Office shall submit an initial report by
17 April 1, 2022, and a final report by December 1, 2024, to the Senate Appropriations Committee
18 on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal
19 Research Division, and the Joint Legislative Education Oversight Committee on the grant
20 program and the use of funds for each type of apprentice, matching funds provided by grant
21 recipients, as well as salary data, and the amount of funds used for the time-limited position
22 authorized under this section.

23 **PART VII. PUBLIC INSTRUCTION**

24 **FUNDS FOR CHILDREN WITH DISABILITIES**

25 **SECTION 7.1.(a)** The State Board of Education shall allocate additional funds for
26 children with disabilities on the basis of four thousand five hundred forty-nine dollars and
27 eighty-eight cents (\$4,549.88) per child for the 2021-2022 fiscal year. Each local school
28 administrative unit shall receive funds for the lesser of (i) all children who are identified as
29 children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its
30 2021-2022 allocated average daily membership in the local school administrative unit. The dollar
31 amounts allocated under this subsection for children with disabilities shall also be adjusted in
32 accordance with legislative salary increments, retirement rate adjustments, and health benefit
33 adjustments for personnel who serve children with disabilities.

34 **SECTION 7.1.(b)** The State Board of Education shall allocate additional funds for
35 children with disabilities on the basis of four thousand five hundred forty-nine dollars and
36 eighty-eight cents (\$4,549.88) per child for the 2022-2023 fiscal year. Each local school
37 administrative unit shall receive funds for the lesser of (i) all children who are identified as
38 children with disabilities or (ii) thirteen percent (13%) of its 2022-2023 allocated average daily
39 membership in the local school administrative unit. The dollar amounts allocated under this
40 subsection for children with disabilities shall also be adjusted in accordance with legislative
41 salary increments, retirement rate adjustments, and health benefit adjustments for personnel who
42 serve children with disabilities.

43 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

44 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
45 academically or intellectually gifted children on the basis of one thousand three hundred
46 sixty-four dollars and seventy-eight cents (\$1,364.78) per child for fiscal years 2021-2022 and
47 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent
48 (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children
49
50
51

1 identified as academically or intellectually gifted in the unit. The dollar amounts allocated under
2 this section for academically or intellectually gifted children shall also be adjusted in accordance
3 with legislative salary increments, retirement rate adjustments, and health benefit adjustments
4 for personnel who serve academically or intellectually gifted children.
5

6 SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES

7 **SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received
8 pursuant to this section shall be used only (i) to provide instructional positions, instructional
9 support positions, teacher assistant positions, clerical positions, school computer technicians,
10 instructional supplies and equipment, staff development, and textbooks and digital resources and
11 (ii) for salary supplements for instructional personnel and instructional support personnel. Local
12 boards of education are encouraged to use at least twenty-five percent (25%) of the funds
13 received pursuant to this section to improve the academic performance of children who are
14 performing at Level I or II on either reading or mathematics end-of-grade tests in grades three
15 through eight.

16 **SECTION 7.3.(b)** Definitions. – As used in this section, the following definitions
17 apply:

- 18 (1) Anticipated county property tax revenue availability. – The county-adjusted
19 property tax base multiplied by the effective State average tax rate.
- 20 (2) Anticipated State average revenue availability per student. – The sum of all
21 anticipated total county revenue availability divided by the average daily
22 membership for the State.
- 23 (3) Anticipated total county revenue availability. – The sum of the following:
24 a. Anticipated county property tax revenue availability.
25 b. Local sales and use taxes received by the county that are levied under
26 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
27 Chapter 105 of the General Statutes.
28 c. Fines and forfeitures deposited in the county school fund for the most
29 recent year for which data are available.
- 30 (4) Anticipated total county revenue availability per student. – The anticipated
31 total county revenue availability for the county divided by the average daily
32 membership of the county.
- 33 (5) Average daily membership. – Average daily membership as defined in the
34 North Carolina Public Schools Allotment Policy Manual adopted by the State
35 Board of Education. If a county contains only part of a local school
36 administrative unit, the average daily membership of that county includes all
37 students who reside within the county and attend that local school
38 administrative unit.
- 39 (6) County-adjusted property tax base. – Computed as follows:
40 a. Subtract the present-use value of agricultural land, horticultural land,
41 and forestland in the county, as defined in G.S. 105-277.2, from the
42 total assessed real property valuation of the county.
43 b. Adjust the resulting amount by multiplying by a weighted average of
44 the three most recent annual sales assessment ratio studies.
45 c. Add to the resulting amount the following:
46 1. Present-use value of agricultural land, horticultural land, and
47 forestland, as defined in G.S. 105-277.2.
48 2. Value of property of public service companies, determined in
49 accordance with Article 23 of Chapter 105 of the General
50 Statutes.
51 3. Personal property value for the county.

- 1 (7) County-adjusted property tax base per square mile. – The county-adjusted
2 property tax base divided by the number of square miles of land area in the
3 county.
- 4 (8) County wealth as a percentage of State average wealth. – Computed as
5 follows:
6 a. Compute the percentage that the county per capita income is of the
7 State per capita income and weight the resulting percentage by a factor
8 of five-tenths.
9 b. Compute the percentage that the anticipated total county revenue
10 availability per student is of the anticipated State average revenue
11 availability per student and weight the resulting percentage by a factor
12 of four-tenths.
13 c. Compute the percentage that the county-adjusted property tax base per
14 square mile is of the State-adjusted property tax base per square mile
15 and weight the resulting percentage by a factor of one-tenth.
16 d. Add the three weighted percentages to derive the county wealth as a
17 percentage of the State average wealth.
- 18 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
19 average of the three most recent annual sales assessment ratio studies.
- 20 (10) Effective State average tax rate. – The average of effective county tax rates
21 for all counties.
- 22 (11) Local current expense funds. – The most recent county current expense
23 appropriations to public schools, as reported by local boards of education in
24 the audit report filed with the Secretary of the Local Government Commission
25 pursuant to G.S. 115C-447.
- 26 (12) Per capita income. – The average for the most recent three years for which
27 data are available of the per capita income according to the most recent report
28 of the United States Department of Commerce, Bureau of Economic Analysis,
29 including any reported modifications for prior years as outlined in the most
30 recent report.
- 31 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
32 the Department of Revenue under G.S. 105-289(h).
- 33 (14) State average adjusted property tax base per square mile. – The sum of the
34 county-adjusted property tax bases for all counties divided by the number of
35 square miles of land area in the State.
- 36 (15) State average current expense appropriations per student. – The most recent
37 State total of county current expense appropriations to public schools, as
38 reported by local boards of education in the audit report filed with the
39 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 40 (16) Supplant. – To decrease local per student current expense appropriations from
41 one fiscal year to the next fiscal year.
- 42 (17) Weighted average of the three most recent annual sales assessment ratio
43 studies. – The weighted average of the three most recent annual sales
44 assessment ratio studies in the most recent years for which county current
45 expense appropriations and adjusted property tax valuations are available. If
46 real property in a county has been revalued one year prior to the most recent
47 sales assessment ratio study, a weighted average of the two most recent sales
48 assessment ratios shall be used. If property has been revalued the year of the
49 most recent sales assessment ratio study, the sales assessment ratio for the year
50 of revaluation shall be used.

1 **SECTION 7.3.(c)** Eligibility for Funds. – Except as provided in subsection (g) of
2 this section, the State Board of Education shall allocate these funds to local school administrative
3 units located in whole or in part in counties in which the county wealth as a percentage of the
4 State average wealth is less than one hundred percent (100%).

5 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this
6 section, the amount received per average daily membership for a county shall be the difference
7 between the State average current expense appropriations per student and the current expense
8 appropriations per student that the county could provide given the county's wealth and an average
9 effort to fund public schools. To derive the current expense appropriations per student that the
10 county could be able to provide given the county's wealth and an average effort to fund public
11 schools, multiply the county's wealth as a percentage of State average wealth by the State average
12 current expense appropriations per student. The funds for the local school administrative units
13 located in whole or in part in the county shall be allocated to each local school administrative
14 unit located in whole or in part in the county based on the average daily membership of the
15 county's students in the school units. If the funds appropriated for supplemental funding are not
16 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata
17 share of the funds appropriated for supplemental funding.

18 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
19 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
20 funding for low-wealth counties and is not intended to reflect any measure of the adequacy of
21 the educational program or funding for public schools. The formula is also not intended to reflect
22 any commitment by the General Assembly to appropriate any additional supplemental funds for
23 low-wealth counties.

24 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding
25 under this section if the county (i) maintains an effective county tax rate that is at least one
26 hundred percent (100%) of the effective State average tax rate in the most recent year for which
27 data are available or (ii) maintains a county appropriation per student to the school local current
28 expense fund of at least one hundred percent (100%) of the current expense appropriations per
29 student to the school local current expense fund that the county could provide given the county's
30 wealth and an average effort to fund public schools. A county that maintains a county
31 appropriation per student to the school local current expense fund of less than one hundred
32 percent (100%) of the current expense appropriations per student to the school local current
33 expense fund that the county could provide given the county's wealth and an average effort to
34 fund public schools shall receive funding under this section at the same percentage that the
35 county's appropriation per student to the school local current expense fund is of the current
36 expense appropriations per student to the school local current expense fund that the county could
37 provide given the county's wealth and an average effort to fund public schools.

38 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school
39 administrative unit receives funds under this section shall use the funds to supplement local
40 current expense funds and shall not supplant local current expense funds. For the 2021-2023
41 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
42 county found to have used these funds to supplant local per student current expense funds. The
43 State Board of Education shall make a finding that a county has used these funds to supplant
44 local current expense funds in the prior year, or the year for which the most recent data are
45 available, if all of the following criteria apply:

- 46 (1) The current expense appropriations per student of the county for the current
47 year is less than ninety-five percent (95%) of the average of local current
48 expense appropriations per student for the three prior fiscal years.
- 49 (2) The county cannot show (i) that it has remedied the deficiency in funding or
50 (ii) that extraordinary circumstances caused the county to supplant local
51 current expense funds with funds allocated under this section.

1 The State Board of Education shall adopt rules to implement the requirements of this
 2 subsection.

3 **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –
 4 Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties
 5 containing a base of the Armed Forces of the United States that have an average daily
 6 membership of more than 17,000 students shall receive whichever is the higher amount in each
 7 fiscal year as follows: either the amount of supplemental funding the county received as a
 8 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county
 9 is eligible to receive as a low-wealth county pursuant to the formula for distribution of
 10 supplemental funding under the other provisions of this section.

11 **SECTION 7.3.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of
 12 subsection (a) of this section, local school administrative units may utilize funds allocated under
 13 this section to purchase services that allow for extraction of data from the Education
 14 Value-Added Assessment System (EVAAS).

15 **SECTION 7.3.(j)** Reports. – For the 2021-2023 fiscal biennium, the State Board of
 16 Education shall report to the Fiscal Research Division prior to May 15 of each year if it
 17 determines that counties have supplanted funds.

18 **SECTION 7.3.(k)** Department of Revenue Reports. – The Department of Revenue
 19 shall provide to the Department of Public Instruction a preliminary report for the current fiscal
 20 year of the assessed value of the property tax base for each county prior to March 1 of each year
 21 and a final report prior to May 1 of each year. The reports shall include for each county the annual
 22 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real
 23 property represented by the present-use value of agricultural land, horticultural land, and
 24 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined
 25 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
 26

27 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

28 **SECTION 7.4.(a)** Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except
 29 as otherwise provided in subsection (d) of this section, each eligible county school administrative
 30 unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000

39 **SECTION 7.4.(b)** Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local
 40 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
 41 this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year
 42 period. Funding for such local school administrative units shall be reduced in equal increments
 43 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
 44 fiscal year after the school administrative unit becomes ineligible.

45 Allotments for eligible local school administrative units under this subsection shall
 46 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
 47 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for
 48 funding if either the highest of the first two months' total projected average daily membership for
 49 the current year or the higher of the first two months' total prior year average daily membership
 50 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
 51 section.

1 **SECTION 7.4.(c)** Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local
2 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
3 this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year
4 period. Funding for such local school administrative units shall be reduced in equal increments
5 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
6 fiscal year after the local school administrative unit becomes ineligible.

7 Allotments for eligible local school administrative units under this subsection shall
8 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
9 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for
10 funding if either the highest of the first two months' total projected average daily membership for
11 the current year or the higher of the first two months' total prior year average daily membership
12 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
13 section.

14 **SECTION 7.4.(d)** Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. –
15 A county in which a local school administrative unit receives funds under this section shall use
16 the funds to supplement local current expense funds and shall not supplant local current expense
17 funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds
18 under this section to a county found to have used these funds to supplant local per student current
19 expense funds. The State Board of Education shall make a finding that a county has used these
20 funds to supplant local current expense funds in the prior year or the year for which the most
21 recent data are available, if all of the following criteria apply:

- 22 (1) The current expense appropriation per student of the county for the current
23 year is less than ninety-five percent (95%) of the average of local current
24 expense appropriation per student for the three prior fiscal years.
- 25 (2) The county cannot show (i) that it has remedied the deficiency in funding or
26 (ii) that extraordinary circumstances caused the county to supplant local
27 current expense funds with funds allocated under this section.

28 The State Board of Education shall adopt rules to implement the requirements of this
29 subsection.

30 **SECTION 7.4.(e)** Reports. – For the 2021-2023 fiscal biennium, the State Board of
31 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it
32 determines that counties have supplanted funds.

33 **SECTION 7.4.(f)** Use of Funds. – Local boards of education are encouraged to use
34 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
35 academic performance of children who are performing at Level I or II on either reading or
36 mathematics end-of-grade tests in grades three through eight.

37 Local school administrative units may also utilize funds allocated under this section
38 to purchase services that allow for extraction of data from the Education Value-Added
39 Assessment System (EVAAS).

40 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

41 **SECTION 7.5.(a)** Funds appropriated in this act for disadvantaged student
42 supplemental funding shall be used, consistent with the policies and procedures adopted by the
43 State Board of Education, only to do the following:

- 44 (1) Provide instructional positions or instructional support positions.
- 45 (2) Provide professional development.
- 46 (3) Provide intensive in-school or after-school remediation, or both.
- 47 (4) Purchase diagnostic software and progress-monitoring tools.
- 48 (5) Provide funds for teacher bonuses and supplements. The State Board of
49 Education shall set a maximum percentage of the funds that may be used for
50 this purpose.
51

1 The State Board of Education may require local school administrative units receiving
2 funding under the Disadvantaged Student Supplemental Fund to purchase the Education
3 Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student
4 performance and help identify strategies for improving student achievement. This data shall be
5 used exclusively for instructional and curriculum decisions made in the best interest of children
6 and for professional development for their teachers and administrators.

7 **SECTION 7.5.(b)** Disadvantaged student supplemental funding (DSSF) shall be
8 allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and
9 (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student
10 ratios:

- 11 (1) For counties with wealth greater than ninety percent (90%) of the statewide
12 average, a ratio of 1:19.9.
- 13 (2) For counties with wealth not less than eighty percent (80%) and not greater
14 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 15 (3) For counties with wealth less than eighty percent (80%) of the statewide
16 average, a ratio of 1:19.1.
- 17 (4) For local school administrative units that received DSSF funds in fiscal year
18 2005-2006, a ratio of 1:16. These local school administrative units shall
19 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

20 For the purpose of this subsection, wealth shall be calculated under the low-wealth
21 supplemental formula as provided for in this act.

22 **SECTION 7.5.(c)** If a local school administrative unit's wealth increases to a level
23 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment
24 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional
25 fiscal year.

26 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

27 **SECTION 7.8.(a)** Notwithstanding G.S. 143C-6-4, for the 2021-2023 fiscal
28 biennium, the Department of Public Instruction shall reclassify at least one full-time equivalent
29 position within the Department to serve as a full-time recruitment and retention coordinator to
30 increase the number of school psychologists in public school units with a demonstrated need that
31 is difficult to meet and may, after consultation with the Office of State Budget and Management
32 and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if
33 necessary, to do any of the following:

- 34 (1) Accommodate changes in allowable expenditures of indirect costs associated
35 with the administration of federal grants.
- 36 (2) Implement other changes necessary to improve the efficiency of the
37 Department.

38 **SECTION 7.8.(b)** Consultation shall occur prior to requesting budgetary and
39 personnel changes through the budget revision process provided in this section. The Department
40 of Public Instruction shall provide all of the following as part of the consultation process:

- 41 (1) A current organization chart and a list of affected funds.
- 42 (2) The proposed organization chart and a list of affected funds clearly identifying
43 the changes for the Department.

44 The Department shall report to the Joint Legislative Commission on Governmental
45 Operations and the Joint Legislative Education Oversight Committee on any reorganization,
46 including any movement of positions and funds between fund codes on a recurring basis.

47 **SECTION 7.8.(c)** In making the changes identified in subsection (a) of this section,
48 the Department of Public Instruction shall not do either of the following:

- 49 (1) Reduce funding for any of the following:
50

- 1 a. The State Public School Fund, including for the following residential
2 schools:
- 3 1. The Eastern North Carolina School for the Deaf.
 - 4 2. The North Carolina School for the Deaf.
 - 5 3. The Governor Morehead School.
- 6 b. Any budget expansion item funded by an appropriation to the
7 Department of Public Instruction by this act for the 2021-2023 fiscal
8 biennium.
- 9 (2) Transfer from or reduce funding or positions for any of the following:
- 10 a. Communities in Schools of North Carolina, Inc.
 - 11 b. Teach for America, Inc.
 - 12 c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing,
13 Inc.
 - 14 d. The Excellent Public Schools Act, Read to Achieve Program, initially
15 established under Section 7A.1 of S.L. 2012-142.
 - 16 e. The North Carolina School Connectivity Program.
 - 17 f. The North Carolina Center for the Advancement of Teaching.
 - 18 g. The North Carolina Innovative School District.
 - 19 h. The Schools That Lead Program.
 - 20 i. The Center for Safer Schools.

21 REPORT ON K-12 COMPUTER SCIENCE DATA

22 **SECTION 7.9.(a)** G.S. 115C-12 is amended by adding a new subdivision to read:

23 "(47) Computer Science Reporting. – The State Board of Education shall report
24 annually by November 15 to the Joint Legislative Education Oversight
25 Committee on the following data related to computer science participation.
26 For each item, the report shall include (i) statewide data for the current school
27 year, and the four years prior when data is available, to establish trends in
28 computer science instruction and (ii) data for the current school year for each
29 public school unit, disaggregated by school within that unit:

- 30 a. The number of teachers employed to teach computational thinking and
31 computer science.
- 32 b. The statewide courses and local elective courses offered in computer
33 science and computational thinking, and the number of students
34 enrolled in each of those courses. For public school units, the report
35 shall indicate when courses are offered on a semester basis.
- 36 c. The number of students enrolled in computer science and
37 computational thinking courses by grade level.
- 38 d. For sub-subdivisions b. and c. of this subdivision, the report shall also
39 include information on enrollment numbers by the following
40 subgroups:
 - 41 1. Economically disadvantaged students.
 - 42 2. Students from major racial and ethnic groups.
 - 43 3. Students by gender.
 - 44 4. Children with disabilities.
 - 45 5. English learners."

46 **SECTION 7.9.(b)** G.S. 115C-47 is amended by adding a new subdivision to read:

47 "(66) Computer Science Reporting. – A local board of education shall annually
48 report the information required by G.S. 115C-12(47) to the State Board of
49 Education no later than September 15."

50 **SECTION 7.9.(c)** G.S. 115C-75.9 is amended by adding a new subsection to read:

1 "(p) Computer Science Reporting. – An innovative school shall annually report the
2 information required by G.S. 115C-12(47) to the State Board of Education no later than
3 September 15."

4 **SECTION 7.9.(d)** G.S. 115C-218.75 is amended by adding a new subsection to read:

5 "(j) A charter school shall annually report the information required by G.S. 115C-12(47)
6 to the State Board of Education no later than September 15."

7 **SECTION 7.9.(e)** G.S. 115C-238.66 is amended by adding a new subdivision to
8 read:

9 "(18) Computer science reporting. – A regional school shall annually report the
10 information required by G.S. 115C-12(47) to the State Board of Education no
11 later than September 15."

12 **SECTION 7.9.(f)** G.S. 116-239.8(b) is amended by adding a new subdivision to
13 read:

14 "(19) Computer science reporting. – A laboratory school shall annually report the
15 information required by G.S. 115C-12(47) to the State Board of Education no
16 later than September 15."

17 18 **SCHOOLS THAT LEAD PROGRAM**

19 **SECTION 7.11.(a)** Program; Purpose. – Of the funds appropriated to the Department
20 of Public Instruction by this act for the Schools That Lead Program (Program), the Department
21 shall contract with Schools That Lead, Inc., to provide professional development to teachers and
22 principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the
23 2025-2026 school year. The selected schools shall be charter schools or schools under the
24 authority of a local school administrative unit. Professional development services shall be offered
25 to teachers and principals in kindergarten through grade 12. The Superintendent of Public
26 Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are
27 eligible to participate in the Program. At a minimum, the Program shall offer services to three
28 cohorts of schools, as follows:

- 29 (1) High schools working to increase on-time graduation.
30 (2) Middle schools working to prepare students to succeed in high school by
31 reducing the likelihood of retention in the ninth grade for multiple school
32 years.
33 (3) Elementary schools working to reduce the number of students with early
34 warning indicators of course failures, absences, and discipline.

35 **SECTION 7.11.(b)** Evaluation. – Of the funds appropriated to the Department by
36 this act for the Program, the Department shall use up to one hundred thousand dollars (\$100,000)
37 to contract with an independent research organization to measure the impacts of the Program on
38 student outcomes, including, but not limited to, (i) on-time graduation in high school, (ii) ninth
39 grade retention rates, and (iii) course failures, absences, and discipline in elementary school. The
40 independent research organization shall report its interim findings to the Department no later than
41 June 30, starting in 2023, and shall submit a final report no later than June 30, 2027.

42 **SECTION 7.11.(c)** Report. – The Department of Public Instruction, in consultation
43 with Schools That Lead, Inc., shall submit a report on the impacts of the Program authorized by
44 subsection (a) of this section, including, but not limited to, an accounting of expenditures, school
45 performance data, principal performance data, teacher performance data, and student outcome
46 data, beginning October 1, 2023, and continuing each year thereafter until October 1, 2027, to
47 the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on
48 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal
49 Research Division. The October 1, 2027, report shall include a summary and copy of the final
50 report provided by the independent research organization pursuant to subsection (b) of this
51 section.

1
2 **PERMIT USE OF SPECIAL STATE RESERVE FUND FOR**
3 **TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR**
4 **HOMELESS AND FOSTER CHILDREN**

5 **SECTION 7.12.(a)** Notwithstanding any other provision of law or policy to the
6 contrary, in addition to the purposes for which funds in the Special State Reserve Fund (SSRF)
7 for children with disabilities are used, beginning with the 2021-2022 fiscal year, the SSRF may
8 also be used to cover extraordinary transportation costs for high-needs children with disabilities.
9 The Department of Public Instruction shall provide an application for local school administrative
10 units and charter schools to apply for extraordinary transportation funds and may provide
11 additional eligibility guidelines not inconsistent with this section. SSRF transportation funds
12 shall be awarded to qualifying local school administrative units or charter schools consistent with
13 the following:

- 14 (1) In determining extraordinary transportation costs, the Department shall
15 consider total prior-year transportation expenditures for high-needs children
16 with disabilities, including expenditures from local funds and all other funding
17 sources, as a proportion of total expenditures.
- 18 (2) Applicants with highest extraordinary transportation costs shall receive
19 highest priority in the award of grant funds.
- 20 (3) Funds may be awarded during the initial year of a high-needs student's
21 enrollment in the local school administrative unit or charter school or in
22 subsequent years of the student's enrollment.

23 **SECTION 7.12.(b)** There is established the Transportation Reserve Fund for
24 Homeless and Foster Children to provide for a grant program to cover extraordinary school
25 transportation costs for homeless and foster children beginning with the 2021-2022 fiscal year.
26 The Department of Public Instruction shall provide an application process for local school
27 administrative units and charter schools to apply for funds to cover extraordinary transportation
28 costs for qualifying students. The Department shall establish eligibility guidelines and shall
29 award funds consistent with the following requirements:

- 30 (1) In determining extraordinary transportation costs, the Department shall
31 consider total prior-year transportation expenditures for homeless and foster
32 children, including expenditures from local funds and all other funding
33 sources, as a proportion of total expenditures.
- 34 (2) Priority shall be given to applicants in proportion to the extent that their
35 applications and prior-year expenditures demonstrate use of available federal
36 funds to cover the cost of transporting homeless and foster children.
- 37 (3) Awards shall not exceed fifty percent (50%) of extraordinary transportation
38 costs as determined pursuant to this subsection.

39 For the purposes of this subsection, "homeless" is defined in accordance with the
40 definition in the federal McKinney-Vento Homeless Assistance Act.

41 **SECTION 7.12.(c)** The Department of Public Instruction shall submit a report by
42 October 15, 2023, to the Joint Legislative Education Oversight Committee, the Fiscal Research
43 Division, the Senate Appropriations Committee on Education/Higher Education, and the House
44 Appropriations Committee on Education on the use of funds appropriated to the Transportation
45 Reserve Fund for Homeless and Foster Children pursuant to this section using data collected
46 from the 2021-2023 fiscal biennium. The report shall include at least the following:

- 47 (1) A list of local school administrative units receiving funds from this section.
- 48 (2) The amount of funds applied for by each local school administrative unit.
- 49 (3) The amount of funds received by each local school administrative unit.

- 1 (4) How the funds were spent by each local school administrative unit, including
 2 the number of students transported and the locations between which the
 3 students were transported.
 4 (5) Any other information the Department of Public Instruction deems relevant to
 5 this section.
 6

7 **ELIMINATE INNOVATION ZONE GRANTS**

8 **SECTION 7.13.(a)** The caption of Article 7A of Chapter 115C of the General
 9 Statutes reads as rewritten:

10 "Article 7A.

11 "~~North Carolina Innovative School District and Innovation Zones District.~~"

12 **SECTION 7.13.(b)** G.S. 115C-75.13 is repealed.

13 **SECTION 7.13.(c)** Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of
 14 S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.
 15

16 **MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS**

17 **SECTION 7.16.(a)** The Department of Public Instruction shall enter into a contract
 18 with a third-party entity for any administrative services necessary to receive maximum
 19 reimbursement for medically necessary health care services for which payment is available under
 20 the North Carolina Medicaid Program provided to eligible students attending the Governor
 21 Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North
 22 Carolina School for the Deaf. The provisions of the contract shall ensure that the residential
 23 schools receive reimbursement for these services in a timely manner.

24 **SECTION 7.16.(b)** By September 15, 2021, the Department of Public Instruction
 25 shall report to the Joint Legislative Education Oversight Committee on the contracting process
 26 and the award of the contract required by subsection (a) of this section, including the cost of the
 27 contract and the estimated recoupment of expenditures.
 28

29 **CAREER AND COLLEGE READY GRADUATE PROGRAM** 30 **CHANGES/CODIFICATION**

31 **SECTION 7.18.(a)** Article 8 of Chapter 115C of the General Statutes is amended by
 32 adding a new section to read:

33 "**§ 115C-81.90. Career and College Ready Graduate Program.**

34 (a) Program Established. – The State Board of Education and the State Board of
 35 Community Colleges shall establish a program that introduces college developmental
 36 mathematics and developmental reading and English content during high school and provides
 37 opportunities in all high schools statewide for college remediation for students prior to high
 38 school graduation through cooperation with community college partners. Students who are
 39 enrolled in the Occupational Course of Study to receive their high school diplomas shall not be
 40 required to participate in the program or be required to take mandatory remedial courses as
 41 provided for in this section, unless a parent specifically requests through the individualized
 42 education program (IEP) process that the student participates. The program shall require at least
 43 the following:

- 44 (1) Establishment by the State Board of Community Colleges of measures for
 45 determining student readiness and preparation for college coursework by
 46 using ACT scores, student grade point averages, or other measures used by
 47 the State Board of Community Colleges to determine college readiness for
 48 entering students. Exemptions based on student achievement and
 49 postsecondary plans may be jointly recommended by the Department of
 50 Public Instruction and the Community Colleges System Office to the State
 51 Board of Community Colleges for their approval.

- 1 (2) Changes in curriculum, policy, and rules as needed by the State Board of
2 Community Colleges and State Board of Education to make remedial content
3 mandatory for students who do not meet readiness indicators by the beginning
4 of their senior year or who do not qualify for an exemption prior to high school
5 graduation.
- 6 (3) High schools to use content approved by the State Board of Community
7 Colleges, in consultation with the State Board of Education.
- 8 (4) To ensure students shall not require remediation upon placement at a North
9 Carolina community college, the State Board of Community Colleges shall
10 establish the following for the program:
- 11 a. Appropriate measures of successful completion of the remedial
12 content to ensure students are prepared for coursework at a North
13 Carolina community college without need for further remediation in
14 mathematics or reading and English.
- 15 b. The length of time following high school graduation in which a student
16 who successfully completed high school remedial content will not be
17 required to enroll in developmental courses at a North Carolina
18 community college.
- 19 (5) Delivery of remedial content by high school faculty consistent with policies
20 adopted by the State Board of Community Colleges and the State Board of
21 Education. The policies shall include, at a minimum, the following
22 requirements:
- 23 a. High school faculty teaching the approved remedial content shall
24 successfully complete training requirements as determined by the
25 State Board of Community Colleges, in consultation with the State
26 Board of Education.
- 27 b. The North Carolina Community College System shall periodically
28 review the remedial content and professional development
29 requirements to ensure appropriate instructional delivery.
- 30 (b) Report. – Beginning December 15, 2021, and annually thereafter, the State Board of
31 Community Colleges and the State Board of Education shall jointly report to the Senate
32 Appropriations Committee on Education/Higher Education, the House Appropriations
33 Committee on Education, the Fiscal Research Division, and the Joint Legislative Education
34 Oversight Committee on program outcomes, including impact on remediation rates by public
35 school units in both mathematics and reading and English for recent high school graduates
36 entering a North Carolina community college."

37 **SECTION 7.18.(b)** G.S. 115C-12(9d)a. reads as rewritten:

- 38 "a. The Board may develop exit standards that shall be required for high
39 school graduation. The Board shall require the following for high
40 school graduation:
- 41 1. Successful completion of instruction in cardiopulmonary
42 resuscitation as provided in G.S. 115C-81.25(c)(10).
 - 43 2. A passing grade in the semester course on the Founding
44 Principles of the United States of America and the State of
45 North Carolina described in G.S. 115C-81.45(d)(1).
 - 46 3. Participation in the Career and College Ready Program for
47 students who do not meet readiness indicators by the beginning
48 of their senior year unless qualifying for an exemption prior to
49 high school graduation pursuant to G.S. 115C-81.90.

50 **SECTION 7.18.(c)** G.S. 115D-5 is amended by adding a new subsection to read:

1 "(aa) The State Board of Community Colleges shall establish the Career and College Ready
2 Program with the State Board of Education for the purpose of introducing college developmental
3 mathematics and developmental reading and English content during high school and providing
4 opportunities in all high schools statewide for college remediation for students prior to high
5 school graduation through cooperation with community college partners in accordance with
6 G.S. 115C-81.90. Beginning December 15, 2021, and annually thereafter, the State Board of
7 Community Colleges and the State Board of Education shall jointly report to the Joint Legislative
8 Education Oversight Committee on program outcomes, including impact on remediation rates by
9 public school units in both mathematics and reading and English for recent high school graduates
10 entering a North Carolina community college."

11 **SECTION 7.18.(d)** Section 10.13 of S.L. 2015-241, as amended by Section 10.5 of
12 S.L. 2016-94 and Section 9.4 of S.L. 2018-5, is repealed.

13 **SECTION 7.18.(e)** This section applies beginning with the 2021-2022 school year.
14

15 **SCHOOL SAFETY GRANTS PROGRAM**

16 **SECTION 7.19.** Article 8C of Chapter 115C of the General Statutes is amended by
17 adding a new section to read:

18 **"§ 115C-105.61. School safety grants.**

19 (a) Definitions. – For purposes of this section, the following definitions shall apply:

20 (1) Community partner. – A public or private entity, including, but not limited to,
21 a nonprofit corporation or a local management entity/managed care
22 organization (LME/MCO), that partners with a public school unit to provide
23 services or pay for the provision of services for the unit.

24 (2) School health support personnel. – School psychologists, school counselors,
25 school nurses, and school social workers.

26 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the
27 School Safety Grants Program (Program). To the extent funds are made available for the
28 Program, its purpose shall be to improve safety in public school units by providing grants for (i)
29 services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

30 (c) Grant Applications. – A public school unit may submit an application to the
31 Superintendent of Public Instruction in each fiscal year for one or more grants pursuant to this
32 section. The application shall include an assessment, to be performed in conjunction with a local
33 law enforcement agency, of the need for improving school safety within the public school unit
34 that would receive the funding or services. The application shall identify current and ongoing
35 needs and estimated costs associated with those needs.

36 (d) Criteria and Guidelines. – By November 1 of each fiscal year in which funds are made
37 available for the Program, the Superintendent of Public Instruction shall develop criteria and
38 guidelines for the fiscal year for the administration and use of the grants pursuant to this section,
39 including any documentation required to be submitted by applicants. In assessing grant
40 applications, the Superintendent of Public Instruction shall consider at least all of the following
41 factors:

42 (1) The level of resources available to the public school unit that would receive
43 the funding.

44 (2) Whether the public school unit has received other grants for school safety.

45 (3) The overall impact on student safety in the public school unit if the identified
46 needs are funded.

47 (e) Grants for Students in Crisis. – From funds made available for school safety grants,
48 the Superintendent of Public Instruction, in consultation with the Department of Health and
49 Human Services, shall award grants to public school units to contract with community partners
50 to provide or pay for the provision of any of the following crisis services:

- 1 (1) Crisis respite services for parents or guardians of an individual student to
2 prevent more intensive or costly levels of care.
- 3 (2) Training and expanded services for therapeutic foster care families and
4 licensed child placement agencies that provide services to students who (i)
5 need support to manage their health, welfare, and safety and (ii) have any of
6 the following:
- 7 a. Cognitive or behavioral problems.
8 b. Developmental delays.
9 c. Aggressive behavior.
- 10 (3) Evidence-based therapy services aligned with targeted training for students
11 and their parents or guardians, including any of the following:
- 12 a. Parent-child interaction therapy.
13 b. Trauma-focused cognitive behavioral therapy.
14 c. Dialectical behavior therapy.
15 d. Child-parent psychotherapy.
- 16 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
17 increase school safety. Of the funds appropriated to the Department of Public
18 Instruction for the grants provided in this section, the Superintendent shall use
19 no more than three and one-half percent (3.5%) in each fiscal year for the
20 services identified in this subdivision.
- 21 (f) Grants for Training to Increase School Safety. – From funds made available for school
22 safety grants, the Superintendent of Public Instruction, in consultation with the Department of
23 Health and Human Services, shall award grants to public school units to contract with community
24 partners to address school safety by providing training to help students develop healthy responses
25 to trauma and stress. The training shall be targeted and evidence-based and shall include any of
26 the following services:
- 27 (1) Counseling on Access to Lethal Means (CALM) training for school health
28 support personnel, local first responders, and teachers on the topics of suicide
29 prevention and reducing access by students to lethal means.
- 30 (2) Training for school health support personnel on comprehensive and
31 evidence-based clinical treatments for students and their parents or guardians,
32 including any of the following:
- 33 a. Parent-child interaction therapy.
34 b. Trauma-focused cognitive behavioral therapy.
35 c. Behavioral therapy.
36 d. Dialectical behavior therapy.
37 e. Child-parent psychotherapy.
- 38 (3) Training for students and school employees on community resilience models
39 to improve understanding and responses to trauma and significant stress.
- 40 (4) Training for school health support personnel on Modular Approach to
41 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
42 problems (MATCH-ADTC), including any of the following components:
- 43 a. Trauma-focused cognitive behavioral therapy.
44 b. Parent and student coping skills.
45 c. Problem solving.
46 d. Safety planning.
- 47 (5) Any other training, including the training on the facilitation of peer-to-peer
48 mentoring, that is likely to increase school safety. Of the funds appropriated
49 to the Department of Public Instruction for the grants provided in this section,
50 the Superintendent shall use no more than three and one-half percent (3.5%)
51 in each fiscal year for the services identified in this subdivision.

1 (g) Grants for Safety Equipment. – From funds made available for school safety grants,
2 the Superintendent of Public Instruction shall award grants to public school units for (i) the
3 purchase of safety equipment for school buildings and (ii) training associated with the use of
4 safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),
5 charter schools may receive grants for school safety equipment pursuant to this subsection.

6 (h) Supplement Not Supplant. – Grants provided to public school units pursuant to the
7 Program shall be used to supplement and not to supplant State or non-State funds already
8 provided for these services.

9 (i) Administrative Costs. – Of the funds appropriated to the Department of Public
10 Instruction for the grants provided in this section, the Superintendent of Public Instruction may
11 retain a total of up to one hundred thousand dollars (\$100,000) in each fiscal year for
12 administrative costs associated with the Program.

13 (j) Report. – No later than April 1 of each year in which funds are made available for the
14 Program, the Superintendent of Public Instruction shall report on the Program to the Joint
15 Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on
16 Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public
17 Safety, the Joint Legislative Commission on Governmental Operations, the Senate
18 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
19 Research Division. The report shall include at least the following information:

- 20 (1) The identity of each public school unit and community partner that received
21 grant funds through the Program.
- 22 (2) The amount of funding received by each entity identified pursuant to
23 subdivision (1) of this subsection.
- 24 (3) The services, training, and equipment purchased with grant funds.
- 25 (4) Recommendations for the implementation of additional effective school
26 safety measures."

27 28 **TEACHNC RECRUITMENT INITIATIVE**

29 **SECTION 7.20.(a)** The Department of Public Instruction shall adopt the TeachNC
30 recruitment initiative as a comprehensive web platform for future teachers to find information
31 and connect with resources on (i) the teaching profession, (ii) opportunities for educators in North
32 Carolina, and (iii) the process of obtaining an educator's license in the State.

33 **SECTION 7.20.(b)** The Department shall report to the Senate Appropriations
34 Committee on Education/Higher Education, the House Appropriations Committee on Education,
35 the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March
36 15, 2022, and annually thereafter, on implementation of the platform, including integration of the
37 technology with outside entities, such as educator preparation programs (EPPs) and businesses,
38 and data on user outcomes, including at least the following:

- 39 (1) The number of user accounts, visitors to the website, and web-initiated chats.
- 40 (2) The number of users who were seeking teacher licensure who applied to
41 institutions with an EPP after visiting the TeachNC web platform and, of those
42 users, the number of users who successfully enrolled into institutions with an
43 EPP and who completed teacher licensure programs.
- 44 (3) The number of users who applied for employment in public schools after
45 visiting the TeachNC web platform and the number of teachers who continue
46 to teach in the public schools after finding employment utilizing TeachNC.

47 The report submitted by March 15, 2022, shall also include any recommendations by
48 the Department on potential cost-sharing arrangements or public-private partnerships with
49 outside entities for ongoing sustainability or continued growth of the recruitment initiative.

50 51 **EXTEND STUDENT MEAL DEBT REPORT**

1 **SECTION 7.21.** Section 2.3(a) of S.L. 2020-80 reads as rewritten:

2 "**SECTION 2.3.(a)** No later than October 15, ~~2021~~, 2023, the State Board of Education shall
3 report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local
4 school administrative units. At a minimum, the report shall include the following information:

- 5 (1) The percentage of students of all grade levels in each local school
6 administrative unit who (i) qualify for and participate in reduced-price meals
7 and (ii) do not carry an unpaid meal charge.
8 (2) The total amount of debt carried by each local school administrative unit
9 related to unpaid meal charges.
10 (3) Summaries of approaches adopted by each local school administrative unit
11 regarding unpaid meal charges.
12 (4) Options for a statewide policy on the uniform administration of unpaid meal
13 charges in local school administrative units. Every option shall ensure that
14 students are not prevented from receiving nutritious meals because of an
15 unpaid meal charge."
16

17 **COVID-19 ADM AND CHILDREN WITH DISABILITIES RESERVE**

18 **SECTION 7.24.** Of the funds appropriated by this act to the Department of Public
19 Instruction for the 2021-2022 fiscal year, the Department shall establish the COVID-19 Average
20 Daily Membership and Children with Disabilities Reserve (Reserve). For the 2021-2022 fiscal
21 year, the Department shall allocate funds from the Reserve to public school units whose average
22 daily membership (ADM), children with disabilities population, or both, exceed their initial
23 predictions during the first two months of the 2021-2022 school year. The Department shall
24 allocate additional funds for higher than anticipated ADM as follows: (i) in a manner consistent
25 with the ADM Contingency Reserve and (ii) after the ADM Contingency Reserve has been
26 exhausted. After the second month, the Department shall allocate any remaining funds to public
27 school units on a prorated basis to increase the allocation per child to a level not to exceed the
28 value calculation determined under Section 7.1 of this act, prioritizing public school units whose
29 initial allocation per child is the lowest.
30

31 **ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF** 32 **RESERVE FUNDS**

33 **SECTION 7.27.** Section 3.5 of S.L. 2021-25 reads as rewritten:

34 "~~**SECTION 3.5.**~~ **SECTION 3.5.(a)** Use of Funds. – The Elementary and Secondary School
35 Emergency Relief Fund funds appropriated in Section 3.2 of this act shall only be used by the
36 Department of Public Instruction to (i) allocate federal grant funds to public school units pursuant
37 to subsection (d) of section 2001 of the American Rescue Plan Act and (ii) reserve ~~twenty-one~~
38 ~~million five hundred thousand dollars (\$21,500,000)~~ three hundred sixty million one hundred
39 seventy-eight thousand thirty-six dollars (\$360,178,036) of the funds pursuant to subsection (f)
40 of section 2001 of the American Rescue Plan Act to be used according to the following:

- 41 (1) \$20,000,000 shall be used by the Department to allocate funds to each public
42 school unit in the State, except for schools operated by the State Board of
43 Education, to ensure that each public school unit receives a total amount from
44 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund
45 of at least four hundred dollars (\$400.00) per pupil in federal grant funds
46 according to the following:
47 a. If a public school unit did not receive funds pursuant to subsection (d)
48 of section 2001, the public school unit shall receive an amount equal
49 to four hundred dollars (\$400.00) per pupil.
50 b. If a public school unit received funds pursuant to subsection (d) of
51 section 2001, the per pupil amount allocated under this subdivision

- 1 shall be reduced so that (i) the total amount in federal grant funds from
2 the ESSER III Fund is equal to four hundred dollars (\$400.00) per
3 pupil or (ii) the public school unit receives no additional funding
4 because the total amount from the ESSER III Fund would exceed four
5 hundred dollars (\$400.00) per pupil.
- 6 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School
7 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina
8 School for the Deaf for school facility repairs and improvements to enable
9 operation of the schools to reduce risk of virus transmission and exposure to
10 environmental health hazards and to support student health needs. The funds
11 may be used for inspection, testing, maintenance, repair, replacement, and
12 upgrade projects to improve the indoor air quality in school facilities,
13 including mechanical and nonmechanical heating, ventilation, and air
14 conditioning systems, filtering, purification and other air cleaning, fans,
15 control systems, and window and door repair and replacement.
- 16 (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public
17 school units as grants to support COVID-19 related needs, including for
18 in-person instruction supplemental programs to address learning loss and
19 provide enrichment activities, such as for after-school and before-school
20 programs, during the instructional year. The allocation of grants shall be
21 prioritized to public school units based on the percentage of disadvantaged
22 and low-income students impacted by COVID-19. The Department may
23 allocate up to fifty percent (50%) of the funds as grants to public school units
24 prior to July 1, 2022.
- 25 (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public
26 school units as grants to support COVID-19 related needs, including for
27 in-person instruction summer programs to address learning loss and provide
28 enrichment activities. The allocation of grants shall be prioritized to public
29 school units based on the percentage of disadvantaged and low-income
30 students impacted by COVID-19. The Department may allocate up to fifty
31 percent (50%) of the funds as grants to public school units prior to July 1,
32 2022.
- 33 (5) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,
34 2022, for the deployment of a competency-based education platform that
35 enables the development of credit by demonstrated mastery for students for
36 grades seven through 12 for credit recovery or acceleration to address various
37 education delivery methods during the COVID-19 pandemic. The platform
38 shall also be used for teacher competency and professional development and
39 principal professional development. The Department shall submit an interim
40 report by April 15, 2022, and a final report by April 15, 2023, to the Joint
41 Legislative Education Oversight Committee on the deployment of the
42 competency-based education platform, including the use of funds for
43 professional development.
- 44 (6) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,
45 2022, to support a common learning management system to be utilized for
46 in-person and remote instruction for kindergarten through fifth grade for a
47 period of up to three years. Funds may also be used for the kindergarten
48 readiness programs based on the Science of Reading.
- 49 (7) \$37,500,000, of which up to fifty percent (50%) may be used prior to July 1,
50 2022, for teacher and principal professional development for implementing

- 1 the Science of Reading and the requirements of the Excellent Public Schools
2 Act of 2021.
- 3 (8) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1,
4 2022, to contract with external research partners pursuant to subdivision (4)
5 of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to
6 assess the impact of COVID-19 on public school units and the responses of
7 the State to the challenges presented by COVID-19.
- 8 (9) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,
9 2022, for five new time-limited and full-time equivalent positions in the
10 Office of Learning Recovery and Acceleration of the Department and
11 associated operating costs in response to the COVID-19 pandemic.
- 12 (10) \$500,000, of which up to fifty percent (50%) may be used prior to July 1,
13 2022, to support expansion of the North Carolina Preschool Pyramid Model
14 (NCPPM) across and within local school administrative unit preschool
15 programs and to support the implementation of NCPPM in kindergarten in a
16 developmentally appropriate and vertically aligned manner. Funds shall be
17 used to provide training, consultation, and ongoing support for local school
18 administrative units to implement the NCPPM framework to prekindergarten
19 and kindergarten classrooms, with priority given to low-performing schools
20 and local school administrative units affected by COVID-19 that receive
21 low-wealth supplemental funding.
- 22 (11) \$6,650,000, of which up to fifty percent (50%) may be used prior to July 1,
23 2022, to establish a grant program, in response to the COVID-19 pandemic,
24 to allocate funds to public school units to identify and locate missing students
25 by contracting with any of the following:
- 26 a. One or more third-party entities to provide technology to assist with
27 this purpose.
- 28 b. Outside personnel.
- 29 (12) \$350,000 to contract with the State Auditor, in response to the COVID-19
30 pandemic, to perform detailed analyses of the attendance and truancy policies
31 and procedures for the 2021-2022 school year of at least two small, two
32 medium-sized, and two large local school administrative units, selected
33 randomly by the State Auditor. The State Auditor may contract with
34 third-party entities, as needed, for services related to the analyses. No later
35 than June 30, 2022, the State Auditor shall report to the Joint Legislative
36 Education Oversight Committee, the Senate Appropriations Committee on
37 Education/Higher Education, the House Appropriations Committee on
38 Education, and the Fiscal Research Division on the results of the analyses and
39 any recommendations to remediate student absenteeism.
- 40 (13) \$2,000,000, of which up to fifty percent (50%) shall be used prior to July 1,
41 2022, to contract with a third-party entity for a period of up to two years to
42 develop and implement a system of tracking expenditures of State and federal
43 funds provided for subscription services and technology in response to the
44 COVID-19 pandemic.
- 45 (14) \$100,000 to be used prior to July 1, 2022, to establish one new time-limited
46 and full-time equivalent position at the Department to manage new software
47 platforms for public school students funded pursuant to this section in
48 response to the COVID-19 pandemic.
- 49 (15) \$1,000,000, of which up to fifty percent (50%) shall be used prior to July 1,
50 2022, for the School Planning Section of the Department to contract with a
51 third-party entity in response to the COVID-19 pandemic to make available

1 to all local school administrative units and counties technology for the
2 following purposes related to elementary and secondary education:

3 a. A consolidated information database regarding all of the following
4 education-related expenses:

5 1. Status and details of expected, proposed, and issued local
6 bonds.

7 2. Interactive listing of vendors providing products and services,
8 including ratings and reviews of vendors.

9 3. Document-sharing functionality related to purchased products
10 and services, including capital improvement projects.

11 b. A software platform to advertise nationwide requests for proposals
12 from local school administrative units and county governments for
13 education-related products and services, including capital
14 improvement projects.

15 (16) \$18,500,000, of which up to fifty percent (50%) shall be used prior to July 1,
16 2022, to be allocated to public school units on the basis of average daily
17 membership in response to the COVID-19 pandemic to contract with a
18 third-party entity for technology to mitigate cyberbullying, monitor student
19 internet activity, monitor classroom educational devices, and assist with
20 suicide prevention services.

21 (17) \$2,500,000, of which up to fifty percent (50%) shall be used prior to July 1,
22 2022, to be allocated to public school units on the basis of average daily
23 membership in response to the COVID-19 pandemic to contract with
24 Gaggle.Net, Inc., for technology to mitigate cyberbullying, monitor student
25 internet activity, monitor classroom educational devices, and assist with
26 suicide prevention services.

27 (18) \$2,600,000 to be allocated prior to July 1, 2022, to local school administrative
28 units and charter schools, including virtual charter schools authorized
29 pursuant to Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of
30 S.L. 2018-5, to account for additional students enrolled in local school
31 administrative units and charter schools during the 2020-2021 school year as
32 a result of the COVID-19 pandemic. The Department shall allocate six
33 hundred dollars (\$600.00) per month for each student enrolled in a local
34 school administrative unit or charter school above the number of students
35 accounted for by the Department in the funded average daily membership for
36 the unit or school from the 2020-2021 school year. For charter schools, funds
37 shall be provided only for additional students legally enrolled at the school in
38 accordance with the school's charter, G.S. 115C-218.7(b), and Section 3.2 of
39 S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3.

40 (19) \$100,000,000, of which up to fifty percent (50%) may be used prior to July 1,
41 2022, to be allocated to public school units to provide teachers with up to an
42 eleventh month of salary pursuant to this subdivision. Notwithstanding
43 G.S. 115C-302.1, for the 2021-2024 school years, a veteran teacher or growth
44 teacher may apply to his or her principal to be employed for a term of 11
45 months. In the discretion of the principal, a teacher who receives a term of 11
46 months pursuant to this subdivision may either work for an additional month
47 following the school year or work additional hours during the school year
48 amounting to up to one additional month of employment. Work performed
49 during this time shall address learning loss resulting from the COVID-19
50 pandemic, including the supplementary instruction for students, professional

development, and mentoring of other teachers. For purposes of this subdivision, the following definitions shall apply:

a. Growth teacher. – A teacher who received a bonus in January of 2020, based on data from the 2018-2019 school year, pursuant to any of the following programs:

1. The Third Grade Read to Achieve Teacher Bonus Program provided in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97 and Section 8.10 of S.L. 2018-5.
2. The Fourth and Fifth Grade Reading Teacher Bonus Program provided in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.
3. The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

b. Veteran teacher. – A teacher with at least 25 years of experience as a licensed teacher.

(20) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1, 2022, in additional funding for services provided by Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc., for outreach to and support of North Carolina families affected by COVID-19.

(21) \$970,000 for the Department to contract with Schools That Lead, Inc., to develop or purchase a statewide, online platform that allows teachers to share student performance improvement methods across the State and to also support the Schools That Lead Program set forth in Section 7.11 of this act. The Department shall allocate up to three hundred thousand dollars (\$300,000) to Schools That Lead, Inc., for the contract prior to July 1, 2022. The Department shall allocate any remaining funds for the contract on or after July 1, 2022.

(22) \$18,000,000, of which up to fifty percent (50%) may be used prior to July 1, 2022, to provide coaching support and professional development for principals and school improvement leadership teams in local school administrative units. Funds shall be used (i) to design and implement a leadership institute for principals employed in qualifying public schools and (ii) to provide grants to local school administrative units in which a majority of the public schools are qualifying public schools for flexible improvement and intervention options approved by the Department to address negative impacts of COVID-19. Up to two million dollars (\$2,000,000) of these funds may be used for 20 time-limited or full-time equivalent positions for the Department to support the activities set forth in this subdivision. For the purposes of this subdivision, a qualifying public school is a school meeting the following criteria:

a. For the most recent year for which data are available, has a school performance score in the lowest-performing five percent (5%) of all schools.

b. Receives funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.

c. Is governed by a local board of education.

d. Is not one of the following types of schools:

1. An alternative school.
2. A cooperative innovative high school.

- 1 3. A school that was in its first or second year of operation in the
2 previous school year.
- 3 4. A newcomers school. For the purposes of this subdivision, a
4 newcomers school is a school in which at least ninety percent
5 (90%) of its students are enrolled for no more than one year on
6 the basis of their status as recently arrived English language
7 learners.

8 (23) \$5,000,000 to be transferred to the Board of Governors of The University of
9 North Carolina to be allocated to the National College Advising Corps, Inc.
10 (CAC), a nonprofit organization, to support a temporary expansion of the
11 placement of college advisers in North Carolina public schools through their
12 program over a two-year period for the purpose of increasing the number of
13 underrepresented, low-income, or first-generation postsecondary degree or
14 certificate students entering and completing their postsecondary education at
15 community colleges and universities. In furthering its mission, CAC operates
16 an innovative model of partnering with schools, communities, families, and
17 postsecondary institutions, including providing for a two-year service
18 opportunity to recent college graduates as near-peer college advisers working
19 full-time in the public schools, with an emphasis on engaging college advisers
20 who have similar backgrounds to the students the program seeks to serve.
21 CAC uses near-peer college advisers to perform various services for students,
22 including (i) attending postsecondary campus visits, fairs, and workshops with
23 students, (ii) assisting with registering for college entrance exams, (iii)
24 assisting with Free Application for Federal Student Aid (FAFSA) registrations
25 and completions, (iv) identifying available scholarships, (v) assisting with
26 postsecondary applications, and (vi) engaging with parents. The Board of
27 Governors may allocate up to two million five hundred thousand dollars
28 (\$2,500,000) to CAC prior to July 1, 2022. The Board of Governors may
29 allocate the remaining funds to CAC through the deadline established by
30 applicable federal law and guidance for the expenditure of the funds. Funds
31 made available to CAC pursuant to this subdivision shall be matched by CAC
32 on the basis of two dollars (\$2.00) in private funds for every one dollar (\$1.00)
33 in federal funds. CAC shall use the funds provided to it under this subdivision
34 to place college advisers in counties designated as tier one and tier two under
35 G.S. 143B-437.08. CAC shall submit an interim report by October 1, 2022,
36 and a final report by October 1, 2024, to the Joint Legislative Education
37 Oversight Committee and the Fiscal Research Division on the progress of
38 expanding the placement of college advisers, data on the effectiveness of the
39 program in increasing access for students to postsecondary education, and the
40 use of the funds. CAC shall also include in its final report recommendations
41 on (i) training of school counselors in the public schools based on the
42 experiences of college advisers in the program and (ii) best practices from the
43 program for school counselors on continued increased access for students to
44 postsecondary attainment goals.

45 (24) \$2,400,000 to be allocated to Communities in Schools of North Carolina, Inc.,
46 to provide for the extension of nine-month contracts for its employees for the
47 purpose of providing assistance and enrichment activities over the summers
48 for students in kindergarten through twelfth grade experiencing learning loss
49 and negative impacts from COVID-19. The Department shall allocate up to
50 fifty percent (50%) of these funds to Communities in Schools of North
51 Carolina, Inc., prior to July 1, 2022.

- 1 (25) \$10,500,000 to be used for career and technical education (CTE) programs to
2 provide options for students outside traditional classroom instruction during
3 the COVID-19 pandemic as follows:
4 a. \$10,000,000 to provide grants for local school administrative units to
5 create pilot programs for the expansion of credentials and
6 certifications. The Department may allocate up to fifty percent (50%)
7 of these funds as grants to local school administrative units prior to
8 July 1, 2022.
9 b. \$500,000 shall be allocated as grants to nationally certified programs
10 in CTE focused on developing critical skills necessary for students to
11 succeed in the retail sector. Funds shall be used to support instructor
12 and student training and testing to increase the State's skilled
13 workforce in the retail sectors. The Department may allocate up to fifty
14 percent (50%) of these funds as grants to eligible programs prior to
15 July 1, 2022.
16 (26) \$13,200,000 to be allocated to the North Carolina Education Corps (NC ED
17 Corps), a nonprofit corporation, for the purpose of NC ED Corps partnering
18 with public school units to recruit, train, and deploy corps members, who
19 include community college and university students, recent graduates, and
20 retirees, to work as tutors and mentors with public school students. Corps
21 members work in the public schools to build relationships and connect with
22 students and help teachers reach students who need additional academic
23 support. The program shall focus on accelerating COVID-19 learning
24 recovery with students, families, and school personnel, particularly through
25 high-impact literacy tutors grounded in the Science of Reading and reading
26 instruction. The Department shall allocate up to three million two hundred
27 thousand dollars (\$3,200,000) of the funds provided under this subdivision to
28 NC ED Corps prior to July 1, 2022. The Department shall allocate the
29 remaining funds to NC ED Corps on or after July 1, 2022.
30 (27) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,
31 2022, for the Department to administer a pilot program (pilot) to promote
32 access to innovative digital and personalized learning solutions for high
33 school students that bridge the gap between chemistry and physical science
34 classes and career and technical education (CTE) career pathways. Local
35 school administrative units participating in the pilot shall incorporate the
36 science, technology, engineering, and mathematics (STEM) focused
37 educational software program developed by Plasma Games, Inc., in select
38 STEM classes and their CTE programs to encourage student interest and
39 workforce development for chemistry-dependent industries located in North
40 Carolina, including careers in the pharmaceutical, agricultural technology,
41 biotechnology, textile, material science, energy, minerals and mining, and
42 chemical manufacturing fields. The pilot shall be conducted beginning with
43 the 2021-2022 school year. A local school administrative unit participating in
44 the pilot shall provide the Department with a plan for the placement of the
45 STEM-focused educational technology developed by Plasma Games, Inc., in
46 its schools and may include a plan from the pilot program established pursuant
47 to Section 4.2D of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80,
48 if the unit participated in that pilot. The plan shall include implementation of
49 the educational game as a teaching tool for classroom teachers and a new
50 learning platform for students to increase student engagement and discussion,
51 enrich lessons with real-world applications and purpose in STEM fields, and

1 create moments of connection for students with lasting impact on their career
2 pathways. The plan shall also include provisions for professional development
3 and training for teachers, administrators, and other school personnel to
4 facilitate the implementation and success of the pilot. Funds shall be used for
5 licensing fees for the educational software, Plasma Games' operating costs,
6 and for implementation of the pilot by the local school administrative units.
7 Reporting on the pilot shall be provided as follows:

8 a. The local school administrative units participating in the pilot shall
9 provide an annual report beginning May 1, 2022, to the Department
10 on implementation of the pilot for each school year, including (i) the
11 use of the funds described this subdivision, (ii) the number of students
12 impacted by the pilot and the number of students pursuing
13 STEM-related CTE career pathways as a result of the pilot, measured
14 by the number of students declaring interest in a career with a
15 chemistry-dependent industry located in North Carolina and the
16 number of students pursuing higher education in a chemistry-related
17 major or technical certification at a school in North Carolina, (iii)
18 demand and feedback by teachers on the use of the STEM-focused
19 educational technology, and (iv) any other information requested by
20 the Department.

21 b. The Department shall provide an annual report beginning June 1,
22 2022, for each school year to the Joint Legislative Education Oversight
23 Committee, the Senate Appropriations Committee on
24 Education/Higher Education, the House Appropriations Committee on
25 Education, and the Fiscal Research Division on the implementation of
26 the pilot and the information reported by participating local school
27 administrative units pursuant to this subdivision. The report shall
28 include any data on student outcomes related to implementation of the
29 pilot, the expenditure of funds described in this subdivision, and
30 recommendations by the Department on modification of the pilot and
31 the need for continued support.

32 (28) \$8,000,000 to be allocated to Mount Airy City Schools to partner with a
33 nonprofit organization to create the North Carolina High-Tech Learning
34 Accelerator, an initiative to provide a network of place-based learning hubs
35 for students with rigorous and experiential pathways for jobs in the technology
36 industry. The initiative shall offer summer immersion and out-of-school
37 options, in addition to other student supports in a core program aimed at
38 enhancing curriculum opportunities for work-based learning. The Department
39 shall allocate up to fifty percent (50%) of these funds to Mount Airy City
40 Schools, prior to July 1, 2022.

41 (29) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,
42 2022, to establish a program entitled "Failure Free Reading" to support middle
43 school students who read below grade level. The program shall use rigorous
44 data assessment of student success to support middle school students who
45 continue to struggle with reading, including students who suffered learning
46 loss due to the COVID-19 pandemic. The Department shall create an
47 application for funds and make the application available to public school units
48 prior to October 1, 2021. Local superintendents of public school units may
49 apply for a portion of the funds at a rate of two hundred fifty dollars (\$250.00)
50 per student.

- 1 (30) \$324,036 to support driver education programs and aid in reducing a backlog
2 of student applicants due to the COVID-19 pandemic.
- 3 (31) \$4,084,000, of which up to fifty percent (50%) may be used prior to July 1,
4 2022, to contract with Betabox, Inc., in response to the COVID-19 pandemic,
5 to mitigate learning loss in the areas of science, technology, engineering, and
6 mathematics by providing students in public school units with experiences,
7 curriculum, instructional coaching, hands-on equipment, and other needed
8 resources. The Department, in consultation with Betabox, Inc., shall submit
9 an interim report by October 1, 2022, and a final report by October 1, 2024,
10 to the Joint Legislative Education Oversight Committee, the Senate
11 Appropriations Committee on Education/Higher Education, the House
12 Appropriations Committee on Education, and the Fiscal Research Division on
13 the use of the funds allocated pursuant to this subdivision and their impact on
14 student success.
- 15 (32) \$500,000, of which up to fifty percent (50%) may be used prior to July 1,
16 2022, to transfer to the North Carolina Museum of Art to establish
17 NCMAKids to mitigate learning loss by providing digital learning
18 experiences and activities related to works of art, in response to the COVID-19
19 pandemic.
- 20 (33) \$800,000, of which up to fifty percent (50%) may be used prior to July 1,
21 2022, to establish a pilot program in response to the COVID-19 pandemic,
22 notwithstanding G.S. 115C-296.2, to improve teacher quality and mitigate
23 learning loss by providing a forgivable loan to teachers employed in
24 qualifying public schools during the 2021-2023 fiscal biennium to finance the
25 cost of the participation fee for National Board for Professional Teaching
26 Standards (NBPTS) certification, as follows:
- 27 a. Definitions. – The following definitions shall apply in this section:
- 28 1. Public school. – Any of the following:
- 29 I. A public school unit.
- 30 II. A school providing elementary or secondary
31 instruction operated by The University of North
32 Carolina under Articles 4 and 29 of Chapter 116 of the
33 General Statutes.
- 34 2. Qualifying public school. – A public school that meets any of
35 the following criteria:
- 36 I. Is identified as a low-performing school pursuant to
37 G.S. 115C-105.37 or G.S. 115C-218.94.
- 38 II. Is identified as an innovative school pursuant to
39 G.S. 115C-75.5.
- 40 III. Enrolled a student body in the school year prior to the
41 teacher's application consisting of at least ten percent
42 (10%) of students identified as at-risk pursuant to State
43 Board of Education policy DROP-001.
- 44 b. Loan applications and approval. – During the 2021-2023 fiscal
45 biennium, a teacher employed in a qualifying public school may apply
46 to the Department of Public Instruction to receive a forgivable loan to
47 finance the cost of the participation fee for NBPTS certification. The
48 Department shall develop criteria and guidelines for administering the
49 program. The criteria shall include at least the following requirements:
- 50 1. The Department shall prioritize the award of loans to teachers
51 based on the need of the school where the teacher is employed

- 1 at the time of the application, including at least the following
2 criteria:
- 3 I. A teacher employed in a qualifying public school with
4 more qualifying factors, as identified in
5 sub-sub-subdivisions I. through III. of
6 sub-sub-subdivision 2. of sub-subdivision a. of this
7 subdivision, shall receive priority over a teacher
8 employed in a qualifying public school with fewer
9 qualifying factors.
- 10 II. For teachers employed in qualifying schools pursuant
11 to sub-sub-subdivision III. of sub-sub-subdivision
12 2. of sub-subdivision a. of this subdivision, teachers
13 employed in schools with a higher percentage of at-risk
14 students shall receive priority over teachers employed
15 in schools with a lower percentage of at-risk schools.
- 16 2. A teacher who completes the NBPTS certification process,
17 regardless of whether the teacher actually receives
18 certification, shall have his or her loan forgiven if that teacher
19 remains teaching in a qualifying public school for at least four
20 years from the date the teacher completes the process.
- 21 3. A teacher who does not complete the certification process shall
22 not have his or her loan forgiven except as provided in
23 sub-sub-subdivision 4. of this sub-subdivision.
- 24 4. A teacher who is unable to remain teaching in a qualifying
25 public school for at least four years from the date the teacher
26 receives certification or who does not complete the
27 certification process may nonetheless have his or her loan
28 forgiven in either of the following circumstances:
- 29 I. The teacher is unable to complete the certification
30 process or continue teaching in a qualifying public
31 school due to the death of the teacher or a newly
32 acquired disability of the teacher.
- 33 II. Upon the application of the teacher, the Department
34 may forgive the loan if the Department finds that the
35 teacher is unable to complete the process or continue
36 teaching in a qualifying public school due to the illness
37 of the teacher, the death or catastrophic illness of a
38 member of the teacher's immediate family, parental
39 leave to care for a newborn or newly adopted child, or
40 other extraordinary circumstances.
- 41 c. Report. – No later than January 15, 2022, and each subsequent year
42 thereafter in which funds allocated pursuant to this subdivision are
43 awarded, the Department shall report to the Joint Legislative
44 Education Oversight Committee, the Senate Appropriations
45 Committee on Education/Higher Education, the House Appropriations
46 Committee on Education, and the Fiscal Research Division on the
47 impact of the program, including at least the following information:
- 48 1. Number of applicants and recipients of forgivable loans.
49 2. Demographic information of recipients of forgivable loans.
50 3. Employment status of recipients of forgivable loans, including
51 the identity of any public school where the recipient is

- 1 employed and whether the recipient remains employed with his
2 or her original qualifying public school.
- 3 4. Licensure area of recipients of forgivable loans.
4 5. Effect of the program on the performance and growth of
5 students taught by recipients.
- 6 (34) \$1,700,000, of which up to fifty percent (50%) may be used prior to July 1,
7 2022, to establish the School Psychologists Grant Program (Program) in
8 response to the COVID-19 pandemic to improve the safety, mental health, and
9 well-being of students by providing grants to public school units to recruit
10 school psychologists, as follows:
- 11 a. Grant application. – A public school unit may submit an application to
12 the Superintendent of Public Instruction to receive a grant pursuant to
13 this subdivision. The application shall identify current and ongoing
14 needs for school psychologist services, including needs related to
15 recruitment, and estimated costs associated with those needs.
- 16 b. Criteria and guidelines. – By November 1, 2021, the Superintendent
17 of Public Instruction shall develop criteria and guidelines for the
18 administration and use of the grants under the Program, including any
19 documentation required to be submitted by applicants.
- 20 c. Award of funds. – The Superintendent of Public Instruction shall
21 award grants to public school units to provide signing bonuses to
22 recruit school psychologists, as follows:
- 23 1. The Department shall prioritize the award of funds to public
24 school units that do not employ a full-time school psychologist
25 at the time the application is submitted.
- 26 2. No individual bonus shall be greater than five thousand dollars
27 (\$5,000).
- 28 3. Grants provided to public school units pursuant to the Program
29 shall be used to supplement and not to supplant State or
30 non-State funds already provided for these services.
- 31 d. Report. – No later than April 1, 2022, and each subsequent year
32 thereafter in which funds allocated pursuant to this subdivision are
33 awarded, the Superintendent of Public Instruction shall report on the
34 Program to the Joint Legislative Education Oversight Committee, the
35 Senate Appropriations/Base Budget Committee, the House Committee
36 on Appropriations, and the Fiscal Research Division. The report shall
37 include the identity of each public school unit that received a grant
38 through the Program, the amount of funding provided to the public
39 school unit, and the use of funds by the public school unit.
- 40 (35) If, on August 15, 2023, there are any funds that are unencumbered from the
41 Elementary and Secondary School Emergency Relief III Fund reserve of
42 funds pursuant to subsection (f) of section 2001 of the American Rescue Plan
43 Act, those funds shall be reallocated to be used for expenditures on or after
44 that date to meet additional needs of the elementary and secondary schools of
45 the State within federal law and guidelines, as determined by the State Board
46 of Education.

47 "SECTION 3.5.(b) Authority to Adjust the Use of Funds. – The Department of Public
48 Instruction shall provide all complete and detailed information necessary to the United States
49 Department of Education (U.S. Dept. of Education) on North Carolina's American Rescue Plan
50 Elementary and Secondary School Emergency Relief (ARP ESSER) State Plan for the U.S. Dept.
51 of Education to determine whether the funds reserved pursuant to subsection (f) of section 2001

1 of the American Rescue Plan Act are for permissible uses consistent with federal law and
2 guidelines for the expenditure of funds from the Elementary and Secondary School Emergency
3 Relief (ESSER) Fund, as described under this authorizing legislation. Notwithstanding any other
4 provision of subsection (a) of this section to the contrary, if the Superintendent of Public
5 Instruction receives a letter of determination from the U.S. Dept. of Education that one or more
6 of the purposes described under subsection (a) of this section requires an adjustment in
7 implementation to be consistent with federal law and guidelines for the expenditure of funds from
8 the ESSER Fund, the Department of Public Instruction is authorized to make that adjustment
9 only to the extent necessary to meet the requirements of federal law and guidance. By April 15,
10 2022, and annually thereafter until the deadline established for the expenditure of funds under
11 federal law and guidelines, the Department of Public Instruction shall report to the Joint
12 Legislative Education Oversight Committee, the Senate Appropriations Committee on
13 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal
14 Research Division on any adjustments made to the implementation of the use of funds directed
15 by this section, including the reason for the adjustment, the actions taken by the Department in
16 response to the letter from the U.S. Dept. of Education, and recommendations on further actions
17 or changes to be considered by the General Assembly."

18 19 **TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION** 20 **PLAN**

21 **SECTION 7.28.** Of the funds appropriated to the Department of Public Instruction
22 by this act for the school business system modernization plan for the 2021-2023 fiscal biennium,
23 the Department shall transfer one million four hundred thousand dollars (\$1,400,000) for the
24 2021-2022 fiscal year and one million four hundred thousand dollars (\$1,400,000) for the
25 2022-2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing
26 public-private partnerships to incorporate annual school report card data for the State into the
27 School Finance Division section of the Department of Public Instruction's website. Grade level
28 and subject level Education Value-Added Assessment System (EVAAS) growth data for local
29 school administrative units and public schools may be made available to the public on the
30 website, to the extent required by State and federal law.

31 By October 1, 2021, GDAC shall execute any contractual agreements and interagency
32 data sharing agreements necessary to accomplish the reporting system established pursuant to
33 Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department of
34 Public Instruction and GDAC shall continue partnering to continue development, deployment,
35 and ongoing provision of data integration service that consolidates data from financial, human
36 resources, licensure, student information, and EVAAS. Implementation shall also include
37 development and deployment of a modern analytical platform and reporting environment.
38 Additionally, student population data for future assessments, including State assessments,
39 Advanced Placement exams, and college readiness assessments shall be made available to local
40 school administrative units and public schools through the Department's EVAAS section of the
41 website and shall be made available in hard copy to parents and legal guardians upon request.

42 43 **AFTER-SCHOOL ROBOTICS GRANT PROGRAM/ATHLETICS**

44 **SECTION 7.29.(a)** The Department of Public Instruction shall establish the
45 Educational and Competitive After-School Robotics Grant Program (Program) for the 2021-2022
46 school year. The purpose of the Program shall be to (i) promote evidence-based, after-school
47 programs for robotics education and competition and (ii) motivate students to pursue education
48 and career opportunities in science, technology, engineering, and mathematics while building
49 critical life and work-related skills, as follows:

- 50 (1) **Eligibility.** – Any public school unit is eligible to apply to the Department of
51 Public Instruction for a grant to develop an educational and competitive

1 after-school robotics program with a robotics partner. As used in this
2 subsection, the term "robotics partner" shall refer to a third-party entity, such
3 as a nonprofit organization or institution of higher education, approved by the
4 Department of Public Instruction, that is able to provide adequate support for
5 an after-school robotics program. In order to provide adequate support, a
6 robotics partner must meet at least all of the following criteria:

- 7 a. Have a national presence in robotics education and competition.
 - 8 b. Provide adequate instruction and programming for students and adult
9 volunteers in (i) robotics education, (ii) project-based learning, and
10 (iii) competitive robotics.
 - 11 c. Promote a safe and equitable social environment.
- 12 (2) Applications; Criteria and Guidelines. – No later than September 15, 2021,
13 the Department shall develop and publish criteria and guidelines for the
14 application process for the Program in the 2021-2022 school year, including
15 any documentation required to be submitted by the applicants. The
16 Department shall accept applications until October 15, 2021. Applications
17 shall include, at a minimum, the following information:
- 18 a. Evidence that the applicant has or will be able to establish a
19 relationship with a robotics partner.
 - 20 b. A proposed budget for the educational and competitive after-school
21 robotics program.
- 22 (3) Award and Use of Funds. – Of the funds appropriated to the Department for
23 the Program by this act, the Department shall award grants to the selected
24 applicants by November 15, 2021. Funds may be used for any of the following
25 purposes:
- 26 a. Establishing a relationship with a robotics partner.
 - 27 b. Purchasing robotics kits.
 - 28 c. Providing stipends for coaches.
 - 29 d. Making payments associated with participation in a robotics league or
30 robotics competition.
 - 31 e. Paying fees incurred as part of the administration of a robotics team.
- 32 (4) Reporting. – No later than April 15, 2022, the Department shall report the
33 following information to the Joint Legislative Education Oversight
34 Committee, the Senate Appropriations Committee on Education/Higher
35 Education, the House Appropriations Committee on Education, and the Fiscal
36 Research Division:
- 37 a. Number and amounts of grants awarded.
 - 38 b. Identities of the public school units receiving grants.
 - 39 c. Identities of public school units that applied for grants but did not
40 receive one.
 - 41 d. The extent to which students participating in after-school robotics
42 programs funded by the Program experienced measurable
43 improvement in academic performance, if any.

44 **SECTION 7.29.(b)** G.S. 115C-12(23) reads as rewritten:

45 "(23) Power to Adopt Eligibility Rules for Interscholastic Athletic Competition. –
46 The State Board of Education shall adopt rules governing interscholastic
47 athletic activities conducted by local boards of education, including eligibility
48 for student participation. Those rules shall include competitive robotics as an
49 interscholastic athletic activity. With regard to middle schools and high
50 schools, the rules shall provide for the following:

1 a. All coaches, school nurses, athletic directors, first responders,
2 volunteers, students who participate in interscholastic athletic
3 activities, and the parents of those students shall receive, on an annual
4 basis, a concussion and head injury information sheet. School
5 employees, first responders, volunteers, and students must sign the
6 sheet and return it to the coach before they can participate in
7 interscholastic athletic activities, including tryouts, practices, or
8 competition. Parents must sign the sheet and return it to the coach
9 before their children can participate in any such interscholastic athletic
10 activities. The signed sheets shall be maintained in accordance with
11 sub-subdivision d. of this subdivision.

12 For the purpose of this subdivision, a concussion is a traumatic
13 brain injury caused by a direct or indirect impact to the head that
14 results in disruption of normal brain function, which may or may not
15 result in loss of consciousness.

16 b. If a student participating in an interscholastic athletic activity exhibits
17 signs or symptoms consistent with concussion, the student shall be
18 removed from the activity at that time and shall not be allowed to
19 return to play or practice that day. The student shall not return to play
20 or practice on a subsequent day until the student is evaluated by and
21 receives written clearance for such participation from (i) a physician
22 licensed under Article 1 of Chapter 90 of the General Statutes with
23 training in concussion management, (ii) a neuropsychologist licensed
24 under Article 18A of Chapter 90 of the General Statutes with training
25 in concussion management and working in consultation with a
26 physician licensed under Article 1 of Chapter 90 of the General
27 Statutes, (iii) an athletic trainer licensed under Article 34 of Chapter
28 90 of the General Statutes, (iv) a physician assistant, consistent with
29 the limitations of G.S. 90-18.1, or (v) a nurse practitioner, consistent
30 with the limitations of G.S. 90-18.2.

31 c. Each school shall develop a venue specific emergency action plan to
32 deal with serious injuries and acute medical conditions in which the
33 condition of the patient may deteriorate rapidly. The plan shall include
34 a delineation of roles, methods of communication, available
35 emergency equipment, and access to and plan for emergency transport.
36 This plan must be (i) in writing, (ii) reviewed by an athletic trainer
37 licensed in North Carolina, (iii) approved by the principal of the
38 school, (iv) distributed to all appropriate personnel, (v) posted
39 conspicuously at all venues, and (vi) reviewed and rehearsed annually
40 by all licensed athletic trainers, first responders, coaches, school
41 nurses, athletic directors, and volunteers for interscholastic athletic
42 activities.

43 d. Each school shall maintain complete and accurate records of its
44 compliance with the requirements of this subdivision pertaining to
45 head injuries.

46 The State Board of Education may authorize a designated organization to
47 apply and enforce the Board's rules governing participation in interscholastic
48 athletic activities at the high school level."

49 **SECTION 7.29.(c)** G.S. 115C-379 reads as rewritten:

50 **"§ 115C-379. Method of enforcement.**

1 (a) It shall be the duty of the State Board of Education to formulate the rules that may be
2 necessary for the proper enforcement of the provisions of this Part. The Board shall prescribe (i)
3 what shall constitute unlawful absence, (ii) what causes may constitute legitimate excuses for
4 temporary nonattendance due to a student's physical or mental inability to attend or a student's
5 participation in a valid educational opportunity such as service as a legislative page or a
6 Governor's page, and (iii) under what circumstances teachers, principals, or superintendents may
7 excuse pupils for nonattendance due to immediate demands of the farm or the home in certain
8 seasons of the year in the several sections of the State.

9 (b) In addition to any excused absences authorized pursuant to subsection (a) of this
10 section, the rules shall require school principals to authorize the following excused absences:

- 11 (1) Religious observance. – A minimum of two excused absences each academic
12 year for religious observances required by the faith of a student or the student's
13 parent or legal guardian.
- 14 (2) Military leave. – A minimum of two excused absences each academic year, if
15 all of the following conditions are met:
- 16 a. The student's parent or legal guardian is an active duty member of the
17 uniformed services, as defined by Article 29B of this Chapter, the
18 Interstate Compact on Educational Opportunity for Military Children.
- 19 b. The student's parent or legal guardian has been called to duty for, is on
20 leave from, or has immediately returned from deployment to a combat
21 zone or combat support posting.
- 22 c. The student is not identified by the local school administrative unit as
23 at risk of academic failure because of unexcused absences.

- 24 (3) Robotics competitions. – Whenever a student is unable to attend class because
25 of a school-sponsored robotics competition.

26 The rules may require that the student's parent or legal guardian give the principal written
27 notice of the request for an excused absence a reasonable time prior to the ~~religious observance~~
28 ~~or military leave event.~~ The student shall be given the opportunity to make up any tests or other
29 work missed due to an excused absence ~~for a religious observance or military leave approved in~~
30 accordance with this subsection.

31 (c) It shall be the duty of all school officials to carry out such instructions from the State
32 Board of Education, and any school official failing to carry out such instructions shall be guilty
33 of a Class 3 misdemeanor: Provided, that the compulsory attendance law herein prescribed shall
34 not be in force in any local school administrative unit that has a higher compulsory attendance
35 feature than that provided herein."

36 **SECTION 7.29.(d)** Subsection (a) of this section is effective July 1, 2021.
37 Subsections (b) and (c) of this section are effective when this act becomes law and apply
38 beginning with the 2021-2022 school year. Except as otherwise provided, this section is effective
39 when it becomes law.

40 **POWERS AND DUTIES OF THE CENTER FOR SAFER SCHOOLS**

41 **SECTION 7.30.(a)** G.S. 115C-105.57 reads as rewritten:

42 **"§ 115C-105.57. Center for Safer Schools.**

43 (a) Center for Safer Schools Established. – There is established the Center for Safer
44 Schools. The Center for Safer Schools shall be administratively located in the Department of
45 Public Instruction. The Center for Safer Schools shall consist of an ~~executive director~~ Executive
46 Director appointed by the Superintendent of Public Instruction and such other professional,
47 administrative, technical, and clerical personnel as may be necessary to assist the Center for Safer
48 Schools in carrying out its powers and duties.
49

1 (b) Executive Director. – The Executive Director shall report to and serve at the pleasure
2 of the Superintendent of Public Instruction at a salary established by the Superintendent within
3 the funds appropriated for this purpose.

4 (c) Powers and Duties. – The Center for Safer Schools shall have the following duties,
5 and all other powers and duties provided in this Article.~~Article:~~

6 (1) Serve as a resource and referral center for the State by conducting research,
7 sponsoring workshops, and providing information regarding current school
8 safety concerns.

9 (2) Provide training, resources, and professional development for students, public
10 school personnel, first responders, social services agencies, members of the
11 community, and other interested parties, as needed, on at least the following
12 topics related to school safety:

13 a. Responsibilities and best practices of school resource officers.

14 b. Youth mental health, including applicable policies and plans adopted
15 by the State Board of Education and public school units in accordance
16 with G.S. 115C-376.5.

17 c. Threat assessment.

18 d. Active-shooter drills and scenarios.

19 e. Incident de-escalation.

20 f. Reunification of schools and school districts after an incident.

21 g. Information related to at least the following areas:

22 1. Bullying.

23 2. Suicide.

24 3. Opioid and substance abuse.

25 4. Critical incidents.

26 5. Trauma and victimization among students.

27 6. The impacts of the incidents identified in sub-sub-subdivisions
28 1. through 5. of this sub-subdivision on school climate and
29 school safety.

30 (3) Maintain and disseminate information to public schools on effective school
31 safety initiatives in North Carolina and across the nation.

32 (4) Collect, analyze, and disseminate various North Carolina school safety data.

33 (5) Provide technical and instructional assistance to facilitate the development of
34 partnerships between the public and private sectors to promote school safety
35 in North Carolina.

36 (6) Recommend a system of accountability to the General Assembly to document
37 school safety exercises, including practice school lockdowns, required by
38 G.S. 115C-105.49.

39 (7) Develop policies for threat assessment teams for public school units.

40 (8) Assist law enforcement officers assigned to schools and their agencies in
41 active shooter response drills and other pertinent school safety-related
42 training.

43 (9) Collaborate with the North Carolina Justice Academy, the North Carolina
44 Criminal Justice Education and Training Standards Commission, and the
45 North Carolina Sheriffs' Education and Training Standards Commission to
46 establish and maintain updated training curriculum for school resource
47 officers.

48 (10) Coordinate grants for school resource officers in elementary and middle
49 schools and ensure that training requirements for school resource officers
50 funded by those grants are met.

1 (11) Provide technical assistance to public school units in the development and
2 implementation of initiatives promoting school safety.

3 (d) Agency Cooperation. – All State agencies and departments shall cooperate with the
4 Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with
5 this Article. The Center of Safer Schools shall coordinate, collaborate, and seek information as
6 necessary to carry out its duties and responsibilities from State and local government agencies,
7 who shall provide information upon request to the Center. These agencies include the following:

8 (1) Department of Public Safety.

9 (2) Department of Health and Human Services.

10 (3) Department of Public Instruction.

11 (4) North Carolina Justice Academy.

12 (5) Governor's Crime Commission.

13 (6) State Bureau of Investigation Fusion Center, Information Sharing, and
14 Analysis Center.

15 (7) Governing bodies of public school units.

16 (8) Local law enforcement agencies.

17 (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall
18 conduct an annual census of school resource officers located in each public school unit. ~~The~~
19 ~~Center shall submit a report based on this census to the Joint Legislative Education Oversight~~
20 ~~Committee and the State Board of Education by March 1 of each year. At a minimum, the report~~
21 ~~shall include all of the following information:~~ As part of the census, each public school unit shall
22 report to the Center by January 15 of each year with the following information regarding school
23 resource officers in the unit:

24 (1) ~~The total number of school resource officers in the State and in each public~~
25 ~~school unit officers.~~

26 (2) Data regarding school resources officers' education levels, years as sworn law
27 enforcement officers, and years as school resource officers.

28 (3) Training required of school resource officers and training actually completed
29 by school resource officers, including training specific to the position of
30 school resource officer and other advanced or additional training.

31 (4) The funding source for all school resource officers.

32 (5) The location of school resource officers, differentiated by grade levels and
33 ~~type of public school unit levels.~~

34 (6) The percentage of school resource officers assigned to more than one school.

35 (7) The law enforcement affiliation of school resource officers.

36 The Center shall compile the information submitted pursuant to this subsection and submit a
37 report detailing this information at the statewide and local levels to the Joint Legislative
38 Education Oversight Committee and the State Board of Education by March 1 of each year.

39 (f) Task Force Guidance. – The Center of Safer Schools shall receive guidance and
40 advice from the Task Force for Safer Schools."

41 **SECTION 7.30.(b)** The Center for Safer Schools shall enter into a memorandum of
42 understanding (MOU) with the Department of Public Safety to provide in appropriate facilities
43 owned by the Department of Public Safety the training, resources, and professional development
44 required pursuant to G.S. 115C-105.57(c)(2), as enacted by this act. No later than October 1,
45 2021, and each year thereafter in which the MOU is executed, the Center for Safer Schools, in
46 conjunction with the Department of Public Safety, shall report to the Joint Legislative Education
47 Oversight Committee, the Joint Legislative Oversight Committee on Justice and Public Safety,
48 the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations,
49 and the Fiscal Research Division on the memorandum of understanding.

50 **SECTION 7.30.(c)** This section is effective when it becomes law.
51

1 **REVISE OPERATING BALANCE RESTRICTIONS FOR SCHOOL NUTRITION**
2 **PROGRAMS**

3 **SECTION 7.31.** G.S. 115C-450 reads as rewritten:

4 **"§ 115C-450. School food services.**

5 (a) ~~School food-nutrition services shall be included in the budget of each local school~~
6 ~~administrative unit-public school unit that provides school nutrition services,~~ and the State Board
7 of Education shall provide for school ~~food-nutrition~~ services in the uniform budget format
8 required by G.S. 115C-426.

9 (b) ~~No local school administrative unit-public school unit that provides school nutrition~~
10 ~~services shall assess indirect costs to a child-school nutrition program unless the program has a~~
11 ~~minimum of one month's an operating balance. One month's operating balance shall be derived~~
12 ~~from net cash resources divided by one month's operating costs. "Net cash resources" means all~~
13 ~~monies, as determined in accordance with the State agency's established accounting system, that~~
14 ~~are available to or have accrued to a school food authority's nonprofit child nutrition account at~~
15 ~~any given time, less cash payables and other liabilities. When calculating the average month's~~
16 ~~operating balance, the Department of Public Instruction shall use the complete and final figures~~
17 ~~obtained from the annual financial report from each child nutrition program's operation. An~~
18 ~~average month's operating balance shall be calculated and published by the Department of Public~~
19 ~~Instruction for each child nutrition program and shall be equal to the average of the three prior~~
20 ~~fiscal years' monthly operating balances. balance of at least three months. The Department of~~
21 ~~Public Instruction shall calculate the operating balance of a school nutrition program of a public~~
22 ~~school unit that provides school nutrition services. If complete and final financial reports for a~~
23 ~~given year are not yet available for a child-school nutrition program, the Department of Public~~
24 ~~Instruction may use projected figures-figures, but shall update the published average month's~~
25 ~~operating balance once complete and final financial reports become available. As used in this~~
26 ~~subsection, the term "indirect costs" is as defined in the United States Office of Budget and~~
27 ~~Management Circular A-87, as revised, and the term "net cash resources" is as defined in 7 C.F.R.~~
28 ~~§ 210.2.2 C.F.R. § 200.414.~~

29 (c) No public school unit that provides school nutrition services shall assess an
30 unrestricted indirect cost rate to a school nutrition program that is more than eight percent (8%)."
31

32 **SCHOOL SAFETY/THREAT ASSESSMENT TEAMS**

33 **SECTION 7.32.(a)** G.S. 115C-105.46, 115C-105.47A, and 115C-105.48 are
34 codified into Part 1 of Article 8C of Chapter 115C of the General Statutes, Local Plans for
35 Alternative Schools/Alternative Learning Programs and Maintaining Safe and Orderly Schools.
36 Part 1 shall be entitled "Local Plans for Alternative Schools/Alternative Learning Programs."
37 The remaining sections of Article 8C of Chapter 115C of the General Statutes shall be codified
38 into Part 2, which shall be entitled "Maintaining Safe and Orderly Schools."

39 **SECTION 7.32.(b)** G.S. 115C-105.49 reads as rewritten:

40 **"§ 115C-105.49. School safety exercises.**

41 (a) At least once annually, each ~~local school administrative-public school~~ unit shall
42 require each school under its control to hold a full school-wide tabletop exercise and drill based
43 on the procedures documented in its School Risk Management Plan ~~(SRMP)-(SRMP) and shall~~
44 ~~report the date and time the drill is conducted to the Center for Safer Schools.~~ The drill shall
45 include a practice school lockdown due to an intruder on school grounds. Each school is
46 encouraged to hold a tabletop exercise and drill for multiple hazards included in its SRMP.
47 Schools are strongly encouraged to include local law enforcement agencies and emergency
48 management agencies in their tabletop exercises and drills. The purpose of the tabletop exercises
49 and drills shall be to permit participants to (i) discuss simulated emergency situations in a
50 low-stress environment, (ii) clarify their roles and responsibilities and the overall logistics of
51 dealing with an emergency, and (iii) identify areas in which the SRMP needs to be modified.

1 ...
2 (d) The Department of Public Safety, Division of Emergency Management, and the
3 Center for Safer Schools shall provide guidance and recommendations to ~~local school~~
4 ~~administrative-public school~~ units on the types of multiple hazards to plan and respond to,
5 including intruders on school grounds."

6 **SECTION 7.32.(c)** G.S. 115C-105.49A(b) reads as rewritten:

7 "(b) In constructing the SRRMS, the Division of Emergency Management and the Center
8 for Safer Schools, in collaboration with the Department of Public Instruction, Division of School
9 Operations, shall leverage the existing enterprise risk management database, the School Risk
10 Management Planning tool managed by the Division of Emergency Management. The Division
11 of Emergency Management shall also leverage the ~~local school administrative-public school unit~~
12 and participating nonpublic school schematic diagrams of school facilities. Where technically
13 feasible, the SRRMS shall integrate any anonymous tip lines established pursuant to
14 G.S. 115C-105.51 and any 911-initiated panic alarm systems authorized as part of a SRMP
15 pursuant to G.S. 115C-47(40). The Division of Emergency Management ~~and the Center for Safer~~
16 ~~Schools~~ shall collaborate with the Department of Public Instruction, Division of School
17 Operations, the Center for Safer Schools, and the North Carolina 911 Board in the design,
18 implementation, and maintenance of the SRRMS."

19 **SECTION 7.32.(d)** G.S. 115C-105.52 reads as rewritten:

20 **"§ 115C-105.52. School crisis kits.**

21 (a) The Department of Public Instruction, Division of School Operations, and the Center
22 for Safer Schools, in consultation with the Department of Public Safety and the Department of
23 Public Instruction, Division of School Operations, Safety, may develop and adopt policies on the
24 placement of school crisis kits in schools and on the contents of those kits. The kits should
25 include, at a minimum, basic first-aid supplies, communications devices, and other items
26 recommended by the International Association of Chiefs of Police.

27 (b) The principal of each school, in coordination with the law enforcement agencies that
28 are part of the ~~local board of education's public school unit's~~ School Risk Management Plan, may
29 place one or more crisis kits at appropriate locations in the school."

30 **SECTION 7.32.(e)** G.S. 115C-105.53 reads as rewritten:

31 **"§ 115C-105.53. Schematic diagrams and emergency access to school buildings for local**
32 **law enforcement agencies.**

33 (a) Each ~~local school administrative-public school~~ unit shall provide the following to
34 local law enforcement agencies: (i) schematic diagrams, including digital schematic diagrams,
35 and (ii) either keys to the main entrance of all school buildings or emergency access to key storage
36 devices such as KNOX® boxes for all school buildings. ~~Local school administrative-Public~~
37 school units shall provide updates of the schematic diagrams to local law enforcement agencies
38 when substantial modifications such as new facilities or modifications to doors and windows are
39 made to school buildings. ~~Local school administrative-Public school~~ units shall also be
40 responsible for providing local law enforcement agencies with updated access to school buildings
41 when changes are made to the locks and other access control devices of the main entrances or to
42 key storage devices such as KNOX® boxes.

43 (b) The Department of Public Instruction, in consultation with the Department of Public
44 Safety, shall develop standards and guidelines for the preparation and content of schematic
45 diagrams and necessary updates. ~~Local school administrative-Public school units~~ and
46 participating nonpublic schools may use these standards and guidelines to assist in the
47 preparation of their schematic diagrams.

48"

49 **SECTION 7.32.(f)** G.S. 115C-105.54(a) reads as rewritten:

50 "(a) Each ~~local school administrative-public school~~ unit shall provide the following to the
51 Division of Emergency Management (Division) at the Department of Public Safety: (i) schematic

1 diagrams, including digital schematic diagrams, and (ii) emergency response information
2 requested by the Division for the School Risk Management Plan (SRMP). ~~Local school~~
3 ~~administrative~~ Public school units shall also provide updated schematic diagrams and emergency
4 response information to the Division when such updates are made. The Division shall ensure that
5 the diagrams and emergency response information are securely stored and distributed as provided
6 in the SRMP to first responders, emergency personnel, and school personnel and approved by
7 the Department of Public Instruction."

8 **SECTION 7.32.(g)** G.S. 115C-218.75(b), (d), (e), and (e1) are repealed.

9 **SECTION 7.32.(h)** G.S. 115C-218.75 is amended by adding a new subsection to

10 read:

11 "(i) Each charter school shall comply with the requirements for public school units in Part
12 2 of Article 8C of this Chapter."

13 **SECTION 7.32.(i)** G.S. 115C-238.66(7a), (7b), (7c), (7d), and (7e) are repealed.

14 **SECTION 7.32.(j)** G.S. 115C-238.66 is amended by adding a new subdivision to

15 read:

16 "(17) Each regional school shall comply with the requirements for public school
17 units in Part 2 of Article 8C of this Chapter."

18 **SECTION 7.32.(k)** G.S. 116-239.8(b)(10), (11), (12), and (13) are repealed.

19 **SECTION 7.32.(l)** G.S. 116-239.8(b) is amended by adding a new subdivision to

20 read:

21 "(19) Laboratory schools shall comply with the requirements for public school units
22 in Part 2 of Article 8C of Chapter 115C of the General Statutes."

23 **SECTION 7.32.(m)** G.S. 115C-75.9 is amended by adding a new subsection to read:

24 "(h1) School Safety. – Innovative schools shall comply with the requirements for public
25 school units in Part 2 of Article 8C of Chapter 115C of the General Statutes."

26 **SECTION 7.32.(n)** Article 9C of Chapter 115C of the General Statutes is amended

27 by adding a new section to read:

28 **"§ 115C-150.16. School safety.**

29 A school governed by this Article shall comply with the requirements for public school units
30 in Part 2 of Article 8C of this Chapter."

31 **SECTION 7.32.(o)** G.S. 115C-551 reads as rewritten:

32 **"§ 115C-551. Voluntary participation in the State programs.**

33 (a) Any ~~such private church school or school of religious charter~~ may, on a voluntary
34 basis, participate in any State operated or sponsored program which would otherwise be available
35 to such school, including but not limited to the high school competency testing and statewide
36 testing programs.

37 (b) All private church schools and all schools of religious charter are encouraged to do
38 the following:

39 (1) School Risk Management Plan. – In coordination with local law enforcement
40 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents
41 of school violence. In constructing and maintaining these plans, the school
42 may utilize the School Risk and Response Management System (SRRMS)
43 established pursuant to G.S. 115C-105.49A. These plans are not considered a
44 public record as the term "public record" is defined under G.S. 132-1 and shall
45 not be subject to inspection and examination under G.S. 132-6.

46 (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and
47 keys to the main entrance of school facilities to local law enforcement
48 agencies, in addition to implementing the provisions in G.S. 115C-105.52.

49 (3) School safety exercises. – At least once a year, hold a full school-wide
50 lockdown exercise with local law enforcement and emergency management
51 agencies that are part of the private school's SRMP.

- (4) Safety information provided to the Department of Public Safety, Division of Emergency Management. – Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the SRMP. The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 7.32.(p) G.S. 115C-559 reads as rewritten:

"§ 115C-559. Voluntary participation in the State programs.

(a) ~~Any such~~ qualified nonpublic school may, on a voluntary basis, participate in any State operated or sponsored program which would otherwise be available to such school, including but not limited to the high school competency testing and statewide testing programs.

(b) All qualified nonpublic schools are encouraged to do the following:

- (1) School Risk Management Plan. – In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, the school may utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.
- (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.52.
- (3) School safety exercises. – At least once a year, hold a full school-wide lockdown exercise with local law enforcement and emergency management agencies that are part of the private school's SRMP.
- (4) Safety information provided to the Department of Public Safety, Division of Emergency Management. – Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Division for the SRMP. The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 7.32.(q) Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.65. Threat assessment teams.

(a) Definitions. – The following definitions apply in this section:

- (1) Superintendent. – The superintendent or, if there is no superintendent, the staff member with the highest decision-making authority.
- (2) Threat assessment. – A fact-based process of identifying, assessing, and managing individuals who may pose a risk of violence or other harm to self or others.
- (3) Threat assessment team. – A multidisciplinary team that includes, but is not limited to, persons with expertise in counseling, instruction, school administration, and law enforcement that conducts threat assessments in a public school unit when threatening behavior has been communicated and when a student has engaged in threatening behavior that warrants further evaluation. When practicable, at least one member of a threat assessment team shall be a school psychologist or, if a school psychologist is not available, a psychologist or psychiatrist. Members of a threat assessment team who are not employees of the public school unit may review student records as provided

1 in 34 C.F.R. § 99.31(a)(1)(i)(B) pursuant to a written agreement with the
2 public school unit of the requirements and responsibilities for use of student
3 records under the federal Family Educational Rights and Privacy Act.

4 (4) Threatening behavior. – Any communication or action that indicates that an
5 individual may pose a danger to the safety or well-being of school staff or
6 students through acts of violence or other behaviors that would cause harm to
7 self or others. These behaviors may be expressed or communicated orally,
8 visually, in writing, electronically, or through any other means and may be
9 considered threatening regardless of whether a direct verbal threat is
10 expressed.

11 (b) The Center for Safer Schools shall develop policies for threat assessment teams for
12 public school units in consultation with the Task Force for Safer Schools, Disability Rights North
13 Carolina, the North Carolina School Psychology Association, the State Bureau of Investigation,
14 and relevant State government agencies. These policies shall not reference or reveal any
15 information that has been excluded as a public record under G.S. 115C-47(40), Part 2 of Article
16 8C of this Chapter, or any other relevant statute. These policies shall include at a minimum
17 procedures for all of the following:

18 (1) Assessment of and intervention with a student whose behavior poses a risk to
19 the safety of school staff, school students, or self.

20 (2) Involvement of the student's parent or legal guardian throughout the threat
21 assessment process.

22 (3) Referral to LME/MCOs, as provided in G.S. 122C-115.4(b)(9), for evaluation
23 or treatment, when appropriate.

24 (4) Compliance with the Family Educational Rights and Privacy Act (FERPA),
25 20 U.S.C. § 1232g, the Individuals with Disabilities Education Act (IDEA),
26 20 U.S.C. § 1400, et seq., and Article 9 of Chapter 115C of the General
27 Statutes.

28 (c) The governing body of the public school unit shall adopt at a minimum the policies
29 developed by the Center for Safer Schools, in accordance with subsection (b) of this section, for
30 the establishment of threat assessment teams, including the conduct of threat assessments and
31 intervention with individuals whose behavior may pose a risk to the safety of school staff or
32 students. These policies shall not reference or reveal any information that has been excluded as
33 a public record under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant
34 statute.

35 (d) The superintendent or designee may establish a committee charged with coordination
36 and monitoring of the threat assessment teams operating within the unit, which may be an existing
37 committee established by the unit. If a committee is established, the committee shall include
38 individuals with expertise in human resources, education, school administration, mental health,
39 and law enforcement.

40 (e) Each school in the public school unit shall have a multidisciplinary threat assessment
41 team established by the superintendent. In the discretion of the superintendent, an established
42 threat assessment team may serve more than one school in the unit. Each team shall do the
43 following:

44 (1) Provide guidance to students, faculty, and staff regarding recognition and
45 reporting of threatening behavior that may indicate a risk of harm to the
46 community, school, or self.

47 (2) When threatening behaviors are identified, conduct threat assessments to
48 determine appropriate actions and intervention based on the level of risk
49 determined by the assessment. A threat assessment team shall determine the
50 level of risk posed by an individual or situation as follows:

- 1 a. Low risk. – The individual or situation does not appear to pose a risk
2 of violence or serious harm to self or others and any exhibited issues
3 or concerns can be resolved easily.
- 4 b. Moderate risk. – The individual or situation does not appear to pose a
5 risk of violence or serious harm to self or others, at this time, but
6 exhibits behaviors that indicate a need for intervention, which may
7 include increased academic or behavioral supports, services intended
8 to address the impact of stressors, mental health or drug abuse
9 treatment, and mediation for student conflicts or bullying.
- 10 c. High risk. – The individual or situation appears to pose a risk of
11 violence or serious harm to self or others, exhibiting behaviors that
12 indicate both a continuing intent to harm and efforts to acquire the
13 capacity to carry out the plan, and may also exhibit other concerning
14 behavior that requires intervention.
- 15 d. Imminent risk. – The individual or situation appears to pose a clear
16 and immediate risk of serious violence toward others that requires
17 containment and action to protect identified or identifiable target or
18 targets and may also exhibit other concerning behavior that requires
19 intervention.
- 20 (3) Identify members of the school community to whom threatening behavior
21 should be reported.
- 22 (4) Implement policies adopted by the governing body of the public school unit
23 pursuant to subsection (c) of this section.
- 24 (5) Utilize anonymous reporting applications for students to share information
25 about school safety concerns requiring investigation.
- 26 (f) Upon a determination that an individual poses a high risk or imminent risk of violence
27 or physical harm to self or others, a threat assessment team shall immediately report its
28 determination to the superintendent or the superintendent's designee, who shall respond as
29 follows:
- 30 (1) The superintendent or designee shall immediately attempt to notify the
31 student's parent or legal guardian. The superintendent may delegate the
32 responsibility for notification to the principal of the school and may require
33 notice be made to the principal directly.
- 34 (2) In the case of threatening behavior that is an imminent risk and determined to
35 be an emergency by the superintendent or designee under the standards
36 established by the Family Educational Rights and Privacy Act in 20 U.S.C. §
37 1232g(b)(1)(I), the superintendent or designee shall provide notice to
38 individuals who are the subject of threatening behavior and, if a student is the
39 subject of threatening behavior, the superintendent or designee shall provide
40 notice to the student's parent or legal guardian. All notices shall be in
41 accordance with the Family Educational Rights and Privacy Act, 20 U.S.C. §
42 1232g. The superintendent may delegate the responsibility for notification to
43 the principal of the school and may require notice be made to the principal
44 directly.
- 45 (3) In the case of threatening behavior that is an imminent risk, the superintendent
46 or designee shall immediately notify the appropriate local law enforcement
47 agency. In the case of threatening behavior that is a high risk, the
48 superintendent or designee shall notify the appropriate local law enforcement
49 agency when recommended by the threat assessment team.

- 1 (4) When the threat assessment team makes a recommendation that the student be
2 referred for mental health services, the superintendent or designee shall notify
3 the student's parent or legal guardian of all of the following information:
4 a. That the threat assessment team has recommended that the student be
5 referred for mental health services.
6 b. That if the student is covered by private insurance or a Medicaid
7 prepaid health plan, then the parent or guardian is encouraged to
8 contact the student's primary care provider or insurance company.
9 c. That if the student is uninsured or is covered by Medicaid and not
10 enrolled in a prepaid health plan, then the parent or guardian is
11 encouraged to contact the local management entity/managed care
12 organization that serves the catchment area where the student resides.
13 d. That with the parent or legal guardian's consent, if the student is
14 uninsured or is covered by Medicaid and not enrolled in a prepaid
15 health plan, then the superintendent or designee shall make a referral
16 that includes the parent or guardian's contact information to the local
17 management entity/managed care organization that serves the
18 catchment area where the student resides.
19 (5) The superintendent or designee shall comply with the requirements of Article
20 27 of this Chapter for any student discipline actions.

21 Nothing in this subsection shall preclude public school personnel from acting immediately to
22 address threatening behavior that is an imminent risk.

23 (g) Each threat assessment team established pursuant to this section shall report
24 quantitative data on its activities to the Center for Safer Schools according to guidance developed
25 by the Center. Such data shall include, at a minimum, the following:

- 26 (1) Number of threat assessments conducted annually and demographic
27 information on subjects of those assessments.
28 (2) Total number of threat assessments that resulted in a determination that the
29 individual being assessed exhibited threatening behavior and demographic
30 information on those individuals.
31 (3) All actions taken in response to a determination that the individual being
32 assessed exhibited threatening behavior.
33 (4) All results of actions taken in response to determination that the individual
34 being assessed exhibited threatening behavior.

35 (h) Upon a determination by the threat assessment team that an individual exhibited
36 threatening behavior that poses a high risk or an imminent risk, a threat assessment team may
37 obtain the following:

- 38 (1) Health records. – Notwithstanding G.S. 8-53 or any other provision of law, a
39 health care provider may disclose protected health information related to
40 threatening behavior that poses a high risk or an imminent risk to the health
41 or safety of school staff or students to a member of a threat assessment team
42 who is a school nurse, school psychologist, or other licensed health or licensed
43 mental health professional. The member of the threat assessment team who
44 receives the health records shall provide an explanation of the health records
45 when sharing those records with the remainder of the threat assessment team.
46 (2) Criminal records. – A threat assessment team may obtain criminal history as
47 provided in G.S. 143B-931.1. For a threat assessment of a student with
48 juvenile records, the threat assessment team shall have access to written
49 notifications received pursuant to G.S. 7B-3101 and information gained from
50 examination of juvenile records in accordance with G.S. 7B-3100, held

1 pursuant to G.S. 115C-404. Records held pursuant to G.S. 115C-404 shall be
2 returned to the principal following review by the threat assessment team.

3 Any information shared among members of the threat assessment team pursuant to this
4 subsection shall remain confidential, shall not be a public record subject to Chapter 132 of the
5 General Statutes, and shall only be released in connection with an emergency under the standards
6 established by the Family Educational Rights and Privacy Act in 20 U.S.C. § 1232g(b)(1)(I).

7 (i) No governing body of a public school unit, nor its members, employees, designees,
8 agents, or volunteers, shall be liable in civil damages to any party for any loss or damage caused
9 by any act or omission relating to the participation in or implementation of any component of the
10 threat assessment team policies required by this section, unless that act or omission amounts to
11 gross negligence, wanton conduct, or intentional wrongdoing. Nothing in this section shall be
12 construed to impose any specific duty of care or standard of care."

13 **SECTION 7.32.(r)** Article 13 of Chapter 143B of the General Statutes is amended
14 by adding a new section to read:

15 **"§ 143B-931.1. Criminal records checks for threat assessment teams.**

16 The Department of Public Safety may provide a criminal record check to the members of a
17 threat assessment team established by the governing body of a public school unit, as defined in
18 G.S. 115C-5(7a), pursuant to G.S. 115C-105.65 for the purpose of administering criminal justice
19 in assessing or intervening when a determination has been made that an individual exhibits
20 threatening behavior that poses an imminent risk to school safety. No member of a threat
21 assessment team shall redisclose any criminal history record information obtained pursuant to
22 this section or otherwise use any record of an individual beyond the purpose that such disclosure
23 was made to the threat assessment team."

24 **SECTION 7.32.(s)** G.S. 115C-47 is amended by adding a new subdivision to read:

25 "(65) Peer-to-peer student support programs. – Local boards of education shall
26 require peer-to-peer student support programs be established at all schools
27 with grades six and higher and are encouraged to implement peer-to-peer
28 student support programs as appropriate in other grades."

29 **SECTION 7.32.(t)** G.S. 115C-316.1 is amended by adding a new subsection to read:

30 "(c) School counselors, as part of the direct services provided in subsection (a) of this
31 section, shall coordinate and provide training for students in peer-to-peer student support
32 programs that address areas such as conflict resolution, general health and wellness, and
33 mentoring. The Center for Safer Schools will support school counselors in the administration and
34 delivery of peer-to-peer student support programs."

35 **SECTION 7.32.(u)** G.S. 122C-115.4(b) is amended by adding a new subdivision to
36 read:

37 "(9) Each LME/MCO shall receive referrals from school superintendents or
38 designees in accordance with G.S. 115C-105.65(f)(4)d. related to students
39 who are uninsured or are covered by Medicaid and not enrolled in a prepaid
40 health plan residing in the LME/MCO's catchment area. Within 10 calendar
41 days after receipt of a referral, the LME/MCO shall contact the student's
42 parent or legal guardian using the information provided on the referral and
43 shall provide assistance with identifying appropriate existing mental health
44 resources available to the student. The assistance shall include identifying
45 sources of funding to assist with the cost of mental health services as well as
46 providing referrals to appropriate mental health service providers and mental
47 health services."

48 **SECTION 7.32.(v)** This section is effective when it becomes law. All local boards
49 of education are encouraged to have peer-to-peer student support programs by the 2021-2022
50 school year. Policies for threat assessment teams required by G.S. 115C-105.65(b), as enacted
51 by this section, shall be developed by the Center for Safer Schools no later than March 31, 2022.

1 All public school units shall establish policies and threat assessment teams as required by
 2 G.S. 115C-105.65(c), as enacted by this section, no later than August 1, 2022. Subsections (s)
 3 and (t) of this section apply beginning with the 2022-2023 school year. The remainder of this act
 4 applies beginning with the 2021-2022 school year.

6 REVISE FAST-TRACK REPLICATION OF HIGH-QUALITY CHARTER SCHOOLS

7 **SECTION 7.33.(a)** G.S. 115C-218.3 reads as rewritten:

8 "§ 115C-218.3. Fast-track replication of high-quality charter schools.

9 Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory
 10 Board, the State Board of Education shall adopt a process and rules for fast-track replication of
 11 high-quality charter schools currently operating in the State. The State Board of Education shall
 12 not require a planning year for applicants selected through the fast-track replication process. In
 13 addition to the requirements for charter applicants set forth in this Article, the fast-track
 14 replication process adopted by the State Board of Education shall, at a minimum, require a board
 15 of directors of a charter school to demonstrate one of the following in order to qualify for
 16 fast-track replication:

17 (1) ~~A~~ The board of directors operates charter schools and can demonstrate both
 18 of the following:

19 a. ~~The majority of charter school schools~~ The majority of charter schools in this State governed by the
 20 board of directors has student academic outcomes from the three prior
 21 school years that are ~~comparable to~~ equal to or greater than the
 22 ~~academic outcomes of students~~ student academic outcomes in the local
 23 school administrative unit in which ~~the each~~ each charter school is ~~located~~
 24 and located.

25 b. The board of directors can provide three years of financially sound
 26 ~~audits~~ audits for each school it governs.

27 (2) The board of directors agrees to contract with an education management
 28 organization or charter management organization that can demonstrate ~~that it~~
 29 ~~can replicate high quality~~ both of the following:

30 a. The majority of the charter schools in the this State that have proven
 31 managed by the organization has student academic success and
 32 ~~financial soundness~~ outcomes from the three prior school years that
 33 are equal to or greater than the student academic outcomes in the local
 34 school administrative unit in which each charter school is located.

35 b. The organization can provide three years of financially sound audits
 36 for each school it governs.

37 The State Board of Education shall ensure that the rules for a fast-track replication process
 38 provide that decisions by the State Board of Education on whether to grant a charter through the
 39 replication process are completed in less than 120 days from the application submission date.
 40 The State Board shall provide a decision no later than October 15 of the year immediately
 41 preceding the year of the proposed school opening."

42 **SECTION 7.33.(b)** This section is effective when this act becomes law and applies
 43 to applications for fast-track replication of charter schools submitted on or after that date.

45 STANDARDS OF STUDENT CONDUCT

46 **SECTION 7.34.(a)** G.S. 115C-390.1 reads as rewritten:

47 "§ 115C-390.1. State policy and definitions.

48 ...

49 (b) The following definitions apply in this Article:

50 (1) Alternative education services. – Part or full-time programs, wherever
 51 situated, providing direct or computer-based instruction that allow a student

1 to progress in one or more core academic courses. Alternative education
 2 services include programs established by the local board of education in
 3 conformity with G.S. 115C-105.47A and ~~local board of education~~
 4 ~~policies.~~policies of the governing body of a public school unit.

5 ...
 6 (4) Educational property. – Any school building or bus, school campus, grounds,
 7 recreational area, athletic field, or other property under the control of any ~~local~~
 8 ~~board of education or charter school.~~public school unit.

9 ...
 10 (9) Principal. – Includes the principal and the principal's ~~designee.~~designee, or if
 11 there is no designated principal, the staff member designated by the governing
 12 body of the public school unit with the highest decision-making authority at
 13 an individual school.

14 ...
 15 (11) School personnel. – Any of the following:
 16 a. An employee of a ~~local board of education.~~governing body of a public
 17 school unit.
 18 b. Any person working on school grounds or at a school function under
 19 a contract or written agreement with the public school ~~system~~unit to
 20 provide educational or related services to students.
 21 c. Any person working on school grounds or at a school function for
 22 another agency providing educational or related services to students.

23 ...
 24 (14) Superintendent. – Includes the superintendent and the superintendent's
 25 ~~designee.~~designee, or if there is no superintendent, the staff member with the
 26 highest decision-making authority and that staff member's designee.

27"

28 **SECTION 7.34.(b)** G.S. 115C-390.2, as amended by Section 7.47 of this act, reads
 29 as rewritten:

30 **"§ 115C-390.2. Discipline policies.**

31 (a) ~~Local boards of education~~Governing bodies of public school units, in consultation
 32 with teachers, school-based administrators, parents, and local law enforcement agencies, shall
 33 adopt policies to govern the conduct of students and establish procedures to be followed by
 34 school officials in disciplining students. These policies must be consistent with the provisions of
 35 this Article and the constitutions, statutes, and regulations of the United States and the State of
 36 North Carolina. In adopting these policies, governing bodies of public school units shall consider
 37 any existing federal guidance for the discipline of students with disabilities as well as other
 38 guidance on school discipline practices issued by the United States Department of Education.

39 (b) ~~Board~~Governing body policies shall include or provide for the development of a
 40 Code of Student Conduct that notifies students of the standards of behavior expected of them,
 41 conduct that may subject them to discipline, and the range of disciplinary measures that may be
 42 used by school officials.

43 (b1) No later than September 1 of each year, each governing body of a public school unit
 44 shall provide the Department of Public Instruction with a copy of its most up-to-date student
 45 discipline policies and Code of Student Conduct.

46 (c) ~~Board~~Governing body policies may authorize suspension for conduct not occurring
 47 on educational property, but only if the student's conduct otherwise violates the Code of Student
 48 Conduct and the conduct has or is reasonably expected to have a direct and immediate impact on
 49 the orderly and efficient operation of the schools or the safety of individuals in the school
 50 environment.

1 (d) ~~Board-Governing body~~ policies shall not allow students to be long-term suspended or
2 expelled from school solely for truancy or tardiness offenses and shall not allow short-term
3 suspension of more than two days for such offenses.

4 (e) ~~Board-Governing body~~ policies shall not impose mandatory long-term suspensions or
5 expulsions for specific violations unless otherwise provided in State or federal law.

6 (f) ~~Board-Governing body~~ policies shall minimize the use of long-term suspension and
7 expulsion by restricting the availability of long-term suspension or expulsion to those violations
8 deemed to be serious violations of the ~~board's-governing body's~~ Code of Student Conduct that
9 either threaten the safety of students, staff, or school visitors or threaten to substantially disrupt
10 the educational environment. ~~Examples of conduct that would not be deemed to be a serious~~
11 ~~violation include the use of inappropriate or disrespectful language, noncompliance with a staff~~
12 ~~directive, dress code violations, and minor physical altercations that do not involve weapons or~~
13 ~~injury.~~ The principal may, however, in his or her discretion, determine that aggravating
14 circumstances justify treating a minor violation as a serious violation.

15 (g) ~~Board-Governing body~~ policies shall not prohibit the superintendent and principals
16 from considering the student's intent, disciplinary and academic history, the potential benefits to
17 the student of alternatives to suspension, and other mitigating or aggravating factors when
18 deciding whether to recommend or impose long-term suspension.

19 (h) ~~Board-Governing body~~ policies shall include the procedures to be followed by school
20 officials in suspending, expelling, or administering corporal punishment to any student, which
21 shall be consistent with this Article.

22 (i) Each ~~local board-governing body~~ of a public school unit shall publish all policies,
23 administrative procedures, or school rules mandated by this section and make them available to
24 each student and his or her parent at the beginning of each school year and upon request. This
25 information shall include the full range of responses to violations of disciplinary rules, including
26 responses that do not remove a student from the classroom or school building. Governing bodies
27 may require students and parents or guardians to sign an acknowledgement that they have
28 received a copy of such policies, procedures, or rules.

29 (j) ~~Local boards of education~~-Governing bodies of public school units are encouraged to
30 include in their safe schools plans, adopted pursuant to G.S. 115C-105.47, research-based
31 behavior management programs that take positive approaches to improving student behaviors.

32 (k) School officials are encouraged to use a full range of responses to violations of
33 disciplinary rules, such as conferences, counseling, peer mediation, behavior contracts,
34 instruction in conflict resolution and anger management, detention, academic interventions,
35 community service, and other similar tools that do not remove a student from the classroom or
36 school building.

37 (l) ~~Board-Governing body~~ policies shall state that absences under G.S. 130A-440 shall
38 not be suspensions. A student subject to an absence under G.S. 130A-440 shall be provided the
39 following:

- 40 (1) The opportunity to take instructional materials and school-furnished digital
41 devices home for the duration of the absence.
- 42 (2) Upon request, the right to receive all missed assignments and, to the extent
43 practicable, the materials distributed to students in connection with the
44 assignment.
- 45 (3) The opportunity to take any quarterly, semester, or grading period
46 examinations missed during the absence period.

47 (m) Nothing in this section or any section of this Chapter shall be construed as regulating
48 the discretion of a governing body of a public school unit to devise, impose, and enforce personal
49 appearance codes."

50 **SECTION 7.34.(c)** G.S. 115C-390.3 reads as rewritten:

51 **"§ 115C-390.3. Reasonable force.**

1 ...
2 (c) Notwithstanding any other law, no officer, member, or employee of the State Board
3 of Education, the Superintendent of Public Instruction, or of a ~~local board of education, governing~~
4 body of a public school unit, individually or collectively, shall be civilly liable for using
5 reasonable force in conformity with State law, State or local rules, or State or local policies
6 regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden
7 of proof is on the claimant to show that the amount of force used was not reasonable.

8 (d) No school employee shall be reprimanded or dismissed for acting or failing to act to
9 stop or intervene in an altercation between students if the employee's actions are consistent with
10 ~~local board governing body policies. Local boards of education~~ Governing bodies of public
11 school units shall adopt policies, pursuant to their authority under G.S. 115C-47(18), or as
12 otherwise provided by law, which provide guidelines for an employee's response if the employee
13 has personal knowledge or actual notice of an altercation between students."

14 **SECTION 7.34.(d)** G.S. 115C-390.4 reads as rewritten:

15 **"§ 115C-390.4. Corporal punishment.**

16 (a) Each ~~local board of education, governing body of a public school unit~~ shall determine
17 whether corporal punishment will be permitted in its public school administrative unit.
18 Notwithstanding a ~~local board of education's governing body's~~ prohibition on the use of corporal
19 punishment, school personnel may use physical restraint in accordance with federal law and
20 G.S. 115C-391.1 and reasonable force pursuant to G.S. 115C-390.3.

21 ...
22 (c) Each ~~local board of education, governing body of a public school unit~~ shall report
23 annually to the State Board of Education, in a manner prescribed by the State Board of Education,
24 on the number of times that corporal punishment was administered. The report shall be in
25 compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and
26 shall include the following:

27"

28 **SECTION 7.34.(e)** G.S. 115C-390.6 reads as rewritten:

29 **"§ 115C-390.6. Short-term suspension procedures.**

30 ...
31 (e) A student is not entitled to appeal the principal's decision to impose a short-term
32 suspension to the superintendent or ~~local board of education, governing body of the public school~~
33 unit. Further, such a decision is not subject to judicial review. Notwithstanding this subsection,
34 the ~~local board of education, governing body,~~ in its discretion, may provide students an
35 opportunity for a review or appeal of a short-term suspension to the superintendent or ~~local board~~
36 ~~of education, governing body.~~"

37 **SECTION 7.34.(f)** G.S. 115C-390.8 reads as rewritten:

38 **"§ 115C-390.8. Long-term suspension procedures.**

39 (a) When a student is recommended by the principal for long-term suspension, the
40 principal shall give written notice to the student's parent. The notice shall be provided to the
41 student's parent by the end of the workday during which the suspension was recommended when
42 reasonably possible or as soon thereafter as practicable. The written notice shall provide at least
43 the following information:

44 ...

45 (6) The extent to which the ~~local board governing body~~ policy permits the parent
46 to have an advocate, instead of an attorney, accompany the student to assist in
47 the presentation of his or her appeal.

48 ...

49 (8) A reference to the ~~local board governing body~~ policy on the expungement of
50 discipline records as required by G.S. 115C-402.

1 (b) Written notice may be provided by certified mail, fax, e-mail, or any other written
 2 method reasonably designed to achieve actual notice of the recommendation for long-term
 3 suspension. When school personnel are aware that English is not the primary language of the
 4 parent or guardian, the notice shall be written in both English and in the primary language of the
 5 parent or guardian when the appropriate foreign language resources are readily available. All
 6 notices described in this section shall be written in plain English, and shall include the following
 7 information translated into the dominant non-English language used by residents within the ~~local~~
 8 school administrative unit; public school unit;

9 ...

10 (d) The formal hearing may be conducted by the ~~local board of education, governing~~
 11 body of the public school unit, by the superintendent, or by a person or group of persons
 12 appointed by the ~~local board governing body~~ or superintendent to serve as a hearing officer or
 13 hearing panel. Neither the ~~board governing body~~ nor the superintendent shall appoint any
 14 individual to serve as a hearing officer or on a hearing panel who is under the direct supervision
 15 of the principal recommending suspension. If the hearing is conducted by an appointed hearing
 16 officer or hearing panel, such officer or panel shall determine the relevant facts and credibility of
 17 witnesses based on the evidence presented at the hearing. Following the hearing, the
 18 superintendent or ~~local board governing body~~ shall make a final decision regarding the
 19 suspension. The superintendent or ~~board governing body~~ shall adopt the hearing officer's or
 20 panel's factual determinations unless they are not supported by substantial evidence in the record.

21 (e) Long-term suspension hearings shall be conducted in accordance with policies
 22 adopted by the ~~board of education, governing body of the public school unit.~~ Such policies shall
 23 offer the student procedural due process including, but not limited to, the following:

24 ...

25 (g) Unless the decision was made by the ~~local board, governing body,~~ the student may
 26 appeal the decision to ~~the a~~ local board of education in accordance with G.S. 115C-45(c) and
 27 policies adopted by the ~~board governing body of the public school unit.~~ Notwithstanding the
 28 provisions of G.S. 115C-45(c), a student's appeal to the ~~board governing body~~ of a decision
 29 upholding a long-term suspension shall be heard and a final written decision issued in not more
 30 than 30 calendar days following the request for such appeal.

31 ...

32 (i) A decision of the ~~local board governing body of the public school unit~~ to uphold the
 33 long-term suspension of a student is subject to judicial review in accordance with Article 4 of
 34 Chapter 150B of the General Statutes. The action must be brought within 30 days of the ~~local~~
 35 ~~board's governing body's~~ decision. A person seeking judicial review shall file a petition in the
 36 superior court of the county where the ~~local board governing body~~ made its decision. Local rules
 37 notwithstanding, petitions for judicial review of a long-term suspension shall be set for hearing
 38 in the first succeeding term of superior court in the county following the filing of the certified
 39 copy of the official record."

40 **SECTION 7.34.(g)** G.S. 115C-390.9 reads as rewritten:

41 "**§ 115C-390.9. Alternative education services.**

42 (a) Students who are long-term suspended shall be offered alternative education services
 43 unless the superintendent provides a significant or important reason for declining to offer such
 44 services. The following may be significant or important reasons, depending on the circumstances
 45 and the nature and setting of the alternative education services:

46 ...

47 (5) Educationally appropriate alternative education services are not available in
 48 the ~~local school administrative~~ public school unit due to limited resources.

49 ...

50 (b) If the superintendent declines to provide alternative education services to the
 51 suspended student, the student may seek review of such decision by the ~~local board of education~~

1 governing body of the public school unit as permitted by G.S. 115C-45(c)(2). If the student seeks
2 such review, the superintendent shall provide to the student and the ~~local board,~~ governing body,
3 in advance of the ~~board's governing body's~~ review, a written explanation for the denial of services
4 together with any documents or other information supporting the decision."

5 **SECTION 7.34.(h)** G.S. 115C-390.10 reads as rewritten:

6 "**§ 115C-390.10. 365-day suspension for gun possession.**

7 (a) All ~~local boards of education governing bodies of public school units~~ shall develop
8 and implement written policies and procedures, as required by the federal Gun Free Schools Act,
9 20 U.S.C. § 7151, requiring suspension for 365 calendar days of any student who is determined
10 to have brought or been in possession of a firearm or destructive device on educational property,
11 or to a school-sponsored event off of educational property. A principal shall recommend to the
12 superintendent the 365-day suspension of any student believed to have violated ~~board governing~~
13 body policies regarding weapons. The superintendent has the authority to suspend for 365 days
14 a student who has been recommended for such suspension by the principal when such
15 recommendation is consistent with ~~board governing body~~ policies. Notwithstanding the
16 foregoing, the superintendent may modify, in writing, the required 365-day suspension for an
17 individual student on a case-by-case basis. The superintendent shall not impose a 365-day
18 suspension if the superintendent determines that the student took or received the firearm or
19 destructive device from another person at school or found the firearm or destructive device at
20 school, provided that the student delivered or reported the firearm or destructive device as soon
21 as practicable to a law enforcement officer or a school employee and had no intent to use such
22 firearm or destructive device in a harmful or threatening way.

23 ...

24 (c) Nothing in this provision shall apply to a firearm that was brought onto educational
25 property for activities approved and authorized by the ~~local board of education,~~ governing body
26 of the public school unit provided that the ~~local board of education governing body~~ has adopted
27 appropriate safeguards to protect student safety.

28 (d) At the time the student and parent receive notice that the student is suspended for 365
29 days under this section, the superintendent shall provide notice to the student and the student's
30 parent of the right to petition the ~~local board of education governing body of the public school~~
31 unit for readmission pursuant to G.S. 115C-390.12.

32"

33 **SECTION 7.34.(i)** G.S. 115C-390.11 reads as rewritten:

34 "**§ 115C-390.11. Expulsion.**

35 (a) Upon recommendation of the superintendent, a ~~local board of education governing~~
36 body of a public school unit may expel any student 14 years of age or older whose continued
37 presence in school constitutes a clear threat to the safety of other students or school staff. Prior
38 to the expulsion of any student, the ~~local board governing body~~ shall conduct a hearing to
39 determine whether the student's continued presence in school constitutes a clear threat to the
40 safety of other students or school staff. The student shall be given reasonable notice of the
41 recommendation in accordance with G.S. 115C-390.8(a) and (b), as well as reasonable notice of
42 the time and place of the scheduled hearing.

43 (1) The procedures described in G.S. 115C-390.8(e)(1)-(8) apply to students
44 facing expulsion pursuant to this section, except that the decision to expel a
45 student by the ~~local board of education governing body of the public school~~
46 unit shall be based on clear and convincing evidence that the student's
47 continued presence in school constitutes a clear threat to the safety of other
48 students and school staff.

49 (2) A ~~local board of education governing body of a public school unit~~ may expel
50 any student subject to G.S. 14-208.18 in accordance with the procedures of
51 this section. Prior to ordering the expulsion of a student, the ~~local board of~~

1 ~~education governing body~~ shall consider whether there are alternative
 2 education services that may be offered to the student. As provided by
 3 G.S. 14-208.18(f), if the ~~local board of education governing body~~ determines
 4 that the student shall be provided educational services on school property, the
 5 student shall be under the supervision of school personnel at all times.

6 ...

7 (b) During the expulsion, the student is not entitled to be present on any property of the
 8 ~~local school administrative public school unit~~ and is not considered a student of the ~~local board~~
 9 ~~of education governing body of the public school unit~~. Nothing in this section shall prevent a
 10 ~~local board of education governing body~~ from offering access to some type of alternative
 11 educational services that can be provided to the student in a manner that does not create safety
 12 risks to other students and school staff."

13 **SECTION 7.34.(j)** G.S. 115C-390.12 reads as rewritten:

14 "**§ 115C-390.12. Request for readmission.**

15 (a) All students suspended for 365 days or expelled may, after 180 calendar days from
 16 the date of the beginning of the student's suspension or expulsion, request in writing readmission
 17 to the ~~local school administrative public school unit~~. The ~~local board of education governing~~
 18 ~~body of the public school unit~~ shall develop and publish written policies and procedures for the
 19 readmission of all students who have been expelled or suspended for 365 days, which shall
 20 provide, at a minimum, the following process:

21 (1) The process for 365-day suspended students.

22 a. At the ~~local board's governing body's~~ discretion, either the
 23 superintendent or the ~~local board governing body~~ itself shall consider
 24 and decide on petitions for readmission. If the decision maker is the
 25 superintendent, the superintendent shall offer the student an
 26 opportunity for an in-person meeting. If the decision maker is the ~~local~~
 27 ~~board of education governing body of the public school unit~~, the ~~board~~
 28 ~~governing body~~ may offer the student an in-person meeting or may
 29 make a determination based on the records submitted by the student
 30 and the superintendent.

31 ...

32 c. A superintendent's decision not to readmit the student may be appealed
 33 to the ~~local board of education governing body of the public school~~
 34 ~~unit~~ pursuant to G.S. 115C-45(c). The superintendent shall notify the
 35 parents of the right to appeal.

36 ...

37 (2) The process for expelled students.

38 a. The ~~board of education governing body of the public school unit~~ shall
 39 consider all petitions for readmission of expelled students, together
 40 with the recommendation of the superintendent on the matter, and shall
 41 rule on the request for readmission. The ~~board governing body~~ shall
 42 consider the petition based on the records submitted by the student and
 43 the response by the administration and shall allow the parties to be
 44 heard in the same manner as provided by G.S. 115C-45(c).

45 ...

46 c. A decision by a ~~board of education governing body of a public school~~
 47 ~~unit~~ to deny readmission of an expelled student is not subject to
 48 judicial review.

49 d. An expelled student may subsequently request readmission not more
 50 often than every six months. The ~~local board of education governing~~
 51 ~~body of the public school unit~~ is not required to consider subsequent

1 readmission petitions filed sooner than six months after the previous
2 petition was filed.

3 ...

4 (b) If a student is readmitted under this section, the ~~board governing body~~ and the
5 superintendent have the right to assign the student to any program within the ~~school system~~ public
6 school unit and to place reasonable conditions on the readmission.

7"

8 **SECTION 7.34.(k)** G.S. 115C-391.1 reads as rewritten:

9 **"§ 115C-391.1. Permissible use of seclusion and restraint.**

10 ...

11 (b) The following definitions apply in this section:

12 ...

13 (9) "School personnel" means:

- 14 a. Employees of a ~~local board of education~~ governing body of a public
15 school unit.
16 b. Any person working on school grounds or at a school function under
17 a contract or written agreement with the public school ~~system~~ unit to
18 provide educational or related services to students.
19 c. Any person working on school grounds or at a school function for
20 another agency providing educational or related services to students.

21 ...

22 (j) Notice, Reporting, and Documentation.

23 (1) Notice of procedures. – Each ~~local board of education~~ governing body of a
24 public school unit shall provide copies of this section and all ~~local board~~
25 governing body policies developed to implement this section to school
26 personnel and parents or guardians at the beginning of each school year.

27 ...

28 (5) No ~~local board of education~~ governing body of a public school unit or
29 employee of a ~~local board of education~~ governing body shall discharge,
30 threaten, or otherwise retaliate against another employee of the ~~board~~
31 governing body regarding that employee's compensation, terms, conditions,
32 location, or privileges of employment because the employee makes a report
33 alleging a prohibited use of physical restraint, mechanical restraint, aversive
34 procedure, or seclusion, unless the employee knew or should have known that
35 the report was false.

36 (k) Nothing in this section shall be construed to create a private cause of action against
37 any ~~local board of education~~ governing body of a public school unit, its agents or employees, or
38 any ~~institutions of teacher education~~ educator preparation programs or their agents or employees
39 or to create a criminal offense."

40 **SECTION 7.34.(l)** G.S. 14-208.18(f) reads as rewritten:

41 "(f) A person subject to subsection (a) of this section who is eligible under G.S. 115C-378
42 to attend public school may be present on school property if permitted by the ~~local board of~~
43 education governing body of the public school unit pursuant to G.S. 115C-390.11(a)(2)."

44 **SECTION 7.34.(m)** This section is effective when it becomes law. Subsections (a)
45 through (k) of this section apply beginning with the 2022-2023 school year. G.S. 115C-390.2(a),
46 as amended by this act, shall apply to material changes to policies existing on July 1, 2022, or
47 new policies adopted on or after July 1, 2022.

48
49 **FLEXIBILITY FOR SCHOOL EMPLOYEES TO RECEIVE ANNUAL SALARY IN 12**
50 **MONTHLY INSTALLMENTS**

51 **SECTION 7.35.(a)** G.S. 115C-302.1(b) reads as rewritten:

1 "(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months.
2 Except for career and technical education agriculture teacher personnel positions as provided for
3 in this subsection, State-allotted months of employment for career and technical education to
4 local boards shall be used for the employment of teachers of career and technical education for a
5 term of employment to be determined by the local boards of education. Beginning with the
6 2018-2019 school year, career and technical education agriculture teacher personnel positions
7 serving students in grades nine through 12 shall be for a term of employment for 12 calendar
8 months. A local board of education may fund these positions using any combination of State
9 funds, local funds, or any other funds available to the local board.

10 ...

11 Any individual teacher who is not employed in a year-round school may be paid in 12
12 monthly installments if the teacher so requests on or before the first day of the school year. The
13 request shall be filed in the local school administrative unit which employs the teacher. Local
14 school administrative units shall fulfill this requirement through a payroll deduction plan. The
15 payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the
16 teacher's annual salary nor in any other way alter the contract made between the teacher and the
17 local school administrative unit. ~~Teachers employed for a period of less than 10 months shall not~~
18 ~~receive their salaries in 12 installments.~~

19 Notwithstanding this subsection, the term "daily rate of pay" for the purpose of
20 G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher
21 salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

22 **SECTION 7.35.(b)** G.S. 115C-316(a)(2) reads as rewritten:

23 "(2) School Employees Paid on an Hourly or Other Basis. – Salary payments to
24 employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1)
25 and (2), 115C-302.1(b) and 115C-316(a)(1) shall be made at a time
26 determined by each local board of education. Expenditures for the salary of
27 these employees from State funds shall be within allocations made by the State
28 Board of Education and in accordance with rules and regulations approved by
29 the State Board of Education concerning allocations of State funds: ~~Provided,~~
30 ~~that school funds.~~ School employees employed for a term of 10 calendar
31 months or 11 calendar months in year-round schools shall be paid in 12 equal
32 installments: Provided further, that any installments. Any individual school
33 employee employed for a term of 10 calendar months or 11 calendar months
34 who is not employed in a year-round school may be paid in 12 monthly
35 installments if the employee so requests on or before the first day of the school
36 year. Such request shall be filed in the administrative unit which employs the
37 employee. Local school administrative units shall fulfill this requirement
38 through a payroll deduction plan. The payment of the annual salary in 12
39 installments instead of 10 or 11 shall not increase or decrease said annual
40 salary nor in any other way alter the contract between the employee and the
41 said administrative unit. Employees may be prepaid on the set pay date for
42 days not yet worked. An employee who fails to attend scheduled workdays or
43 who has not worked the number of days for which the employee has been paid
44 and who resigns or is dismissed shall repay to the local board any salary
45 payments received for days not yet worked. An employee who has been
46 prepaid and who continues to be employed by a local board but fails to attend
47 scheduled workdays may be subject to dismissal or other appropriate
48 discipline. The daily rate of pay shall equal the number of weekdays in the
49 pay period. Included within the term of employment shall be provided for
50 full-time employees annual vacation leave at the same rate provided for State
51 employees, computed at one-twelfth (1/12) of the annual rate for State

1 employees for each calendar month of employment, to be taken under policies
 2 determined by each local board of education. On a day that employees are
 3 required to report for a workday but pupils are not required to attend school
 4 due to inclement weather, an employee may elect not to report due to
 5 hazardous travel conditions and to take one of his annual vacation days or to
 6 make up the day at a time agreed upon by the employee and his immediate
 7 supervisor or principal. On a day that school is closed to employees and pupils
 8 due to inclement weather, the employee shall work on the scheduled makeup
 9 day. Included within their term of employment, each local board of education
 10 shall designate the same or an equivalent number of legal holidays occurring
 11 within the period of employment as those designated by the State Human
 12 Resources Commission for State employees."

13 **SECTION 7.35.(c)** This section is effective when it becomes law.
 14

15 **BONUSES FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL IN**
 16 **SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**
 17 **IMPAIRMENTS/ESSER II FUND**

18 **SECTION 7.36.(a)** Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L.
 19 2021-3, reads as rewritten:

20 "**SECTION 5A.** The Department of Public Instruction shall use the funds reserved pursuant
 21 to subsection (c1) of Section 5 of this act as follows:

22 ...

23 (15a) Up to \$55,000 to administer a one-time lump sum bonus of three hundred fifty
 24 dollars (\$350.00), in recognition of necessary services performed during the
 25 COVID-19 pandemic, to every teacher who, as of April 1, 2021, was
 26 employed as a teacher in a school for students with visual and hearing
 27 impairments, in accordance with the following criteria:

28 a. As used in this subdivision, the following definitions shall apply:

29 1. Teacher. – Teachers and instructional support personnel.

30 2. School for students with visual and hearing impairments. – A
 31 public school governed by the State Board of Education under
 32 Article 9C of Chapter 115C of the General Statutes.

33 b. The bonuses awarded pursuant to this subdivision shall be in addition
 34 to any regular wage or other bonus the teacher receives or is scheduled
 35 to receive.

36 c. Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this
 37 subdivision are not compensation under Article 1 of Chapter 135 of
 38 the General Statutes, Retirement System for Teachers and State
 39 Employees.

40 d. The bonuses awarded pursuant to this subdivision do not apply to any
 41 teacher no longer employed as a teacher due to resignation, dismissal,
 42 reduction in force, death, or retirement or whose last workday is prior
 43 to April 1, 2021.

44 e. Funds provided pursuant to this subdivision shall supplement the
 45 compensation of a public school employee and shall not supplant any
 46 existing compensation funds.

47 (16) If, on August 15, 2022, the date the Current Operations Appropriations Act of
 48 2021 becomes law, there are any remaining ESSER II funds from the
 49 allocations in subdivisions (1) through (11) and (13) and (14) of this section,
 50 those funds shall be reallocated to the reserve described under subsection (c1)
 51 of Section 5 of this act to be used for expenditure on or after that date to meet

1 additional emergency needs of the elementary and secondary schools of the
2 State, as determined by the State Board of Education."

3 **SECTION 7.36.(b)** This section is effective when it becomes law.
4

5 **OPPORTUNITY GAP TASK FORCE**

6 **SECTION 7.37.(a)** There is established the Opportunity Gap Task Force (Task
7 Force).

8 **SECTION 7.37.(b)** The Task Force shall consist of 14 members as follows:

- 9 (1) Three persons who are members of the House of Representatives at the time
10 of appointment, at least one of whom represents the minority party, appointed
11 by the Speaker of the House of Representatives.
- 12 (2) Three persons who are members of the Senate at the time of appointment, at
13 least one of whom represents the minority party, appointed by the President
14 Pro Tempore of the Senate.
- 15 (3) The chair of the State Board of Education, or his or her designee.
- 16 (4) The Superintendent of Public Instruction, or his or her designee.
- 17 (5) The President of The University of North Carolina, or his or her designee.
- 18 (6) The President of the North Carolina System of Community Colleges, or his or
19 her designee.
- 20 (7) The President of the North Carolina Independent Colleges and Universities,
21 Inc., or his or her designee.
- 22 (8) The President and Chief Executive Officer of North Carolina Business
23 Leaders for Education, doing business as BEST NC (Business for Educational
24 Success and Transformation), or his or her designee.
- 25 (9) The Executive Director of the NC Association for Public Charter Schools, or
26 his or her designee.
- 27 (10) The Senior Education Advisor to the Governor, or his or her designee.

28 **SECTION 7.37.(c)** Appointments to the Task Force shall be made no later than 30
29 days after the date this act becomes law. In making their appointments, the appointing authorities
30 shall consider the geographic and cultural diversity of the State and the value to the Task Force
31 of experience in business, education, and philanthropic organizations. Any vacancy shall be filled
32 by the appointing authority.

33 **SECTION 7.37.(d)** The Task Force shall (i) study the opportunity gap, (ii) consider
34 effective approaches and best practices from across the country to close the opportunity gap in
35 grades kindergarten through 12, and (iii) propose a plan to reduce the opportunity gap for all
36 subgroups by July 1, 2030. For the purposes of this section, the "opportunity gap" refers to the
37 significant disparity in the academic performance and postsecondary readiness of students
38 between any of the following subgroups: races, ethnicities, socioeconomic statuses, genders,
39 English-language proficiencies, and urban, rural, or suburban domiciles.

40 **SECTION 7.37.(e)** As part of its study, the Task Force shall consider the following:

- 41 (1) Best practices in public education.
- 42 (2) Professional development for teachers.
- 43 (3) Parental involvement in public education.
- 44 (4) Disparities in disciplinary consequences, including suspensions and
45 expulsions.
- 46 (5) Preparation and development of school leadership.
- 47 (6) Effective use of data to reduce the opportunity gap.
- 48 (7) Access to effective educators.
- 49 (8) Access to rigorous coursework, including content and courses.
- 50 (9) Access to effective school leadership.
- 51 (10) Innovative budgeting practices.

- 1 (11) The value of incorporating mastery-based learning into curriculum.
- 2 (12) Effective access to and use of technology, including (i) connectivity for
- 3 students and their families, (ii) devices, and (iii) software.
- 4 (13) The final report and recommendations of the Task Force to Develop a
- 5 Representative and Inclusive Vision for Education (DRIVE).
- 6 (14) Any other issue the Task Force deems relevant to its study.

7 **SECTION 7.37.(f)** At a minimum, the Task Force shall extend invitations to receive
8 input from all of the following:

- 9 (1) Two or more parents of students adversely affected by the opportunity gap.
- 10 (2) Two or more teachers employed in a North Carolina public school who have
- 11 demonstrated significant success in reducing the opportunity gap in the
- 12 classroom.
- 13 (3) Two or more principals employed in a North Carolina public school who have
- 14 demonstrated significant success in reducing the opportunity gap at a school.
- 15 (4) Two or more superintendents employed in a local school administrative unit
- 16 who have demonstrated significant success in reducing the opportunity gap at
- 17 a local school administrative unit.
- 18 (5) Organizations that have demonstrated success in closing the opportunity gap,
- 19 including, but not limited to, Communities in Schools of North Carolina, Inc.
- 20 (6) The Professional Educator Preparation and Standards Commission.
- 21 (7) The myFutureNC Commission.
- 22 (8) The Governor's Commission on Access to Sound Basic Education.
- 23 (9) The B-3 Interagency Council.
- 24 (10) The North Carolina Early Childhood Foundation, Inc.'s, Pathways to
- 25 Grade-Level Reading Initiative.
- 26 (11) The Executive Director of NC Child, or his or her designee.
- 27 (12) The President of Parents for Educational Freedom in North Carolina, or his or
- 28 her designee.
- 29 (13) The Public School Forum of North Carolina.
- 30 (14) The North Carolina Principal Fellows and Transforming Principal Preparation
- 31 Program.

32 **SECTION 7.37.(g)** The Task Force shall include the following in its proposed plan
33 to reduce the opportunity gap for all subgroups:

- 34 (1) Information identifying opportunity gaps that exist between races, ethnicities,
- 35 socioeconomic statuses, genders, English-language proficiencies, and urban,
- 36 rural, or suburban domiciles.
- 37 (2) Recommendations for closing or significantly reducing the opportunity gaps
- 38 identified by the Task Force.
- 39 (3) Benchmarks for implementation of the proposed plan.

40 **SECTION 7.37.(h)** The Speaker of the House of Representatives and the President
41 Pro Tempore of the Senate shall each select a cochair for the Task Force from among its
42 members. The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force
43 is a majority of its members. No action may be taken except by a majority vote at a meeting at
44 which a quorum is present. The Task Force, while in the discharge of its official duties, may
45 exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.
46 The Task Force may contract for professional, clerical, or consultant services, as provided by
47 G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee
48 or a person currently under contract with the State to provide services.

49 Members of the Task Force shall serve without compensation but may receive travel
50 and subsistence as follows:

- 1 (1) Members who are officials or employees of a State agency or unit of local
 2 government, in accordance with G.S. 138-6.
 3 (2) Members who serve in the General Assembly, in accordance with
 4 G.S. 120-3.1.
 5 (3) All other members at the rate established in G.S. 138-5.

6 All State departments and agencies and local governments and their subdivisions shall
 7 furnish the Task Force with any requested information in their possession or available to them.

8 **SECTION 7.37.(i)** The Legislative Services Officer shall assign professional and
 9 clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the
 10 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
 11 clerical support to the Task Force.

12 **SECTION 7.37.(j)** Meetings of the Task Force shall begin no later than 60 days after
 13 the date this act becomes law. The Task Force shall submit a final report on the results of its
 14 study, including its proposed plan and any proposed legislation, to the Joint Legislative Education
 15 Oversight Committee on or before December 1, 2022, by filing a copy of the report with the
 16 Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of
 17 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
 18 Library. The Task Force shall terminate on December 1, 2022, or upon the filing of its final
 19 report, whichever comes first.
 20

21 **ADVANCED TEACHING ROLES CHANGES**

22 **SECTION 7.38.(a)** G.S. 115C-311 reads as rewritten:

23 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

24 ...

25 (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit
 26 pursuant to this section shall be subject to availability and awarded for a term of up to three years,
 27 in the discretion of the State Board. A local school administrative unit shall not be eligible to
 28 receive funding for more than ~~one term~~ two terms. Funds awarded to local school administrative
 29 units shall be used for any of the ~~following~~ following, subject to requirements established by the
 30 State Board:

- 31 (1) Development of advanced teaching role plans.
 32 (2) Development of professional development courses for teachers in advanced
 33 teaching roles that lead to improved student outcomes.
 34 (3) Transition costs associated with designing and implementing advanced
 35 teaching role models. Transition costs may include employing staff members
 36 or contractors to assist with design and implementation of the plan.
 37 (4) Development of the design and implementation of compensation plans that
 38 focus on teacher professional growth and student outcomes and the transition
 39 costs associated with designing and implementing new compensation plans,
 40 including employing staff members or contractors to assist with design and
 41 implementation of the plan.

42 ...

43 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the
 44 State Board of Education, Advanced Teaching Roles schools selected to participate in the
 45 program may exceed the maximum class size requirements for kindergarten through third ~~grade~~
 46 ~~during the term of up to three years in which State funds are awarded to the local school~~
 47 ~~administrative unit where the school is located. At the conclusion of the term,~~ grade. If a school
 48 is no longer designated as an Advanced Teaching Roles school, any class size flexibility
 49 approved for an Advanced Teaching Roles that school pursuant to this subsection shall expire.

50"

51 **SECTION 7.38.(b)** This section is effective when it becomes law.

PRINCIPAL RECRUITMENT SUPPLEMENT

SECTION 7.39. Notwithstanding G.S. 115C-285.1, for purposes of administering the principal recruitment supplement in the 2021-2022 fiscal year, a school identified as an eligible school in the 2019-2020 and 2020-2021 school years pursuant to G.S. 115C-285.1(a)(2) and Section 2.13(a) of S.L. 2020-3, respectively, shall continue to be an eligible school in the 2021-2022 school year.

NOTIFICATION REQUIREMENT FOR TEACHER PERFORMANCE DATA

SECTION 7.40. Notwithstanding G.S. 115C-333.2, for the 2021-2022 school year, to the extent the Education Value-Added Assessment System (EVAAS) data regarding a teacher's performance includes data from more than one school year, when a principal notifies a teacher that the teacher's EVAAS data has been updated, the principal shall provide the teacher with additional context regarding the years on which the data is based and the extent to which the students on which the data is based were taught by another teacher.

TEACHER EFFECTIVENESS REPORTING REQUIREMENTS

SECTION 7.41. Notwithstanding G.S. 115C-299.5, for the 2021-2022 school year, to the extent teacher effectiveness data reported pursuant to G.S. 115C-299.5 is based on more than one school year, local school administrative units and the State Board of Education shall contextualize that data by specifying the years on which it is based and the extent to which it is not reflective of teacher performance because the students on which the data is based were taught by more than one teacher.

TEMPORARILY WAIVE CERTAIN REQUIREMENTS THAT RELATE TO DRIVING ELIGIBILITY CERTIFICATES

SECTION 7.42.(a) Notwithstanding G.S. 20-11(n), 115C-12(28), 115C-218.70, 115C-288(k), 115C-566, and 115D-5(a3), a person required to sign a driving eligibility certificate shall issue the driving eligibility certificate without requiring the person to whom it is issued to be making progress toward obtaining a high school diploma or its equivalent, and no school authority shall notify the Division of Motor Vehicles that a person no longer meets the requirements for a driving eligibility certificate because the person is not making progress toward obtaining a high school diploma or its equivalent.

SECTION 7.42.(b) This section is effective when this act becomes law and expires June 30, 2022.

RESTORE CERTAIN PERMITS AND PROVISIONAL LICENSES REVOKED DUE TO CERTIFICATE INELIGIBILITY

SECTION 7.43.(a) Past Performance Revocation Restoration. – The Division of Motor Vehicles shall restore the permit or license of any person whose permit or license was revoked by the Division under G.S. 20-13.2(c1) due to ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1). For restorations granted under this section, the Division shall not charge a restoration fee and the Division must expunge any record of revocation from the person's driving record.

SECTION 7.43.(b) This section is effective when it becomes law and applies to revocations resulting from notifications of ineligibility received by the Division dated on or after March 1, 2020, through the effective date of this section.

RECOMMENDATION FOR STUDENTS WITH DISABILITIES FUNDING

SECTION 7.44. Of the funds appropriated by this act to the Department of Public Instruction for the 2021-2022 fiscal year to contract with Augenblick, Palaich and Associates

1 Consulting (APA), APA shall make recommendations on how to categorize the allocation of
 2 funding for students with disabilities and how to set funding levels for each category
 3 recommended. APA shall expand on the findings and recommendations made in its 2010 report,
 4 "Recommendations to Strengthen North Carolina's School Funding System." In addition, APA
 5 shall consider any findings and recommendations published since 2010 by the Department of
 6 Public Instruction and by the Friday Institute for Educational Innovation at North Carolina State
 7 University regarding funding needs for students with disabilities. In developing
 8 recommendations, APA shall examine the following:

- 9 (1) For each school system, the percentage of students with disabilities and the
 10 funding provided per student with disabilities.
- 11 (2) The potential benefit of allocating funding for students with disabilities based
 12 on severity of disability type as compared to allocating funding based on
 13 service level required.
- 14 (3) How other states provide funding for students with disabilities with particular
 15 emphasis on states that differentiate funding by student need.
- 16 (4) How to determine appropriate funding levels for each funding category
 17 recommended.
- 18 (5) Recommendations for how schools can utilize available Medicaid
 19 reimbursements.

20 APA shall submit its recommendations and supporting findings to the State Board of
 21 Education and the Department of Public Instruction on or before February 15, 2022. The
 22 Department of Public Instruction shall submit a final report on the recommendations and
 23 findings, including any proposed legislation necessary for implementation, to the Joint
 24 Legislative Education Oversight Committee, the General Assembly, the Senate Appropriations
 25 Committee on Education/Higher Education, and the House Appropriations Committee on
 26 Education on or before March 15, 2022.

27 **TEMPORARILY EXTEND CPR GRADUATION REQUIREMENT CHANGES**

28 **SECTION 7.45.(a)** Notwithstanding G.S. 115C-12(9d)a., for the 2020-2021 school
 29 year, any student in grade 12 who has not satisfied the requirement for completion of instruction
 30 in cardiopulmonary resuscitation shall be eligible to graduate if both of the following apply:

- 31 (1) Instruction in cardiopulmonary resuscitation cannot be completed due to the
 32 COVID-19 emergency.
- 33 (2) The student is eligible to graduate in all respects other than the statutory
 34 requirement described in this section, as determined by the principal of the
 35 school to which the student is assigned.

36 **SECTION 7.45.(b)** This section is effective when it becomes law.

37 **ACADEMIC TRANSPARENCY**

38 **SECTION 7.46.(a)** Article 8 of Chapter 115C of the General Statutes is amended by
 39 adding a new section to read:

40 **"§ 115C-102.1. Inform the public about course materials.**

41 (a) The following definitions apply in this section:

- 42 (1) Course materials. – Any material used for instruction in a course, including,
 43 but not limited to, all instructional materials, supplemental materials,
 44 textbooks, other reading materials, videos, digital materials, websites, and
 45 other online applications.
- 46 (2) Instructional materials. – As defined in G.S. 115C-102.20.
- 47 (3) Lesson plan. – An outline of all of the following:
 - 48 a. The instruction provided by a teacher for a course that includes a list
 49 of (i) all course materials assigned, distributed, or otherwise presented
 50
 51

- 1 in the course and (ii) when students must select course materials from
2 a defined list, all course materials on that list.
- 3 b. Each grade- or school-wide presentation, assembly, lecture, or other
4 activity or event facilitated by the school during instructional hours
5 outside of an individual teacher's classroom, excluding student
6 presentations. The outline shall include a list of (i) each presenter by
7 name and organization and (ii) any course material used or presented.
- 8 (4) Supplemental materials. – As defined in G.S. 115C-102.20.
- 9 (b) The governing body of a public school unit shall ensure that the following information
10 for each school it governs is prominently displayed on the school website, organized, at a
11 minimum, by subject area and grade level:
- 12 (1) For local school administrative units, the lesson plans that were used at the
13 school during the prior school year. Lesson plans shall include the following,
14 at a minimum:
- 15 a. The names of all instructional and supplemental materials used by the
16 school from the list of materials included in the instructional materials
17 repository, with an electronic link to the instructional materials
18 website.
- 19 b. Any other course materials used in a course, by the title and the author,
20 organization, or website associated with each material and activity.
21 These course materials shall include materials created by the teacher,
22 with the teacher identified as the author. The lesson plan shall include
23 a brief descriptor of the course materials, and a link to the course
24 material, if publicly available on the internet, or information on how
25 to request review of a copy of the course material in person. Nothing
26 in this section shall be construed to require the digital reproduction or
27 posting of copies of the course materials themselves.
- 28 (2) For all public school units that are not local school administrative units, the
29 lesson plans that were used at the school during the prior school year. Lesson
30 plans shall include the following, at a minimum:
- 31 a. All course materials by the title and the author, organization, or
32 website associated with each material and activity. If individual
33 components of course materials used throughout the lesson plan are
34 produced as a single volume, that volume may be listed only once in
35 the lesson plan. If the course material was created by the teacher, the
36 lesson plan shall identify the teacher as the author.
- 37 b. A brief descriptor of the course material.
- 38 c. A link to the course material, if publicly available on the internet, or
39 information on how to request review of a copy of the course material
40 in person. Nothing in this section shall be construed to require the
41 digital reproduction or posting of copies of the course materials
42 themselves.
- 43 (3) For all public school units, any procedures for the documentation, review, or
44 approval of the lesson plans, including course materials identified in those
45 plans, by the principal, curriculum administrators, or other teachers.
- 46 (4) For all public school units, the procedure established by the governing board
47 for requesting an in-person review of a course material not publicly available
48 on the internet. For local school administrative units, information shall be
49 provided on how to access the instructional materials repository, as provided
50 in G.S. 115C-102.50.

1 (c) The governing body shall provide access from the website of the public school unit
2 to the information required by subsection (b) of this section by June 30 of each year either through
3 a website maintained by the public school unit or by a link to another website where the
4 information is publicly accessible. Public access to the information for the school year ending
5 June 30 shall be maintained by the public school unit until June 30 of the following year. The
6 Department of Public Instruction shall make available to public school units one or more
7 templates for providing information as required by this section. A public school unit may exercise
8 flexibility in determining the most effective means of compliance with the requirements of this
9 section, including, but not limited to, utilizing any of the following in its discretion:

10 (1) Providing a template created by the Department of Public Instruction to
11 teachers to facilitate reporting of lesson plans.

12 (2) Creating one or more templates to provide to teachers to facilitate reporting of
13 lesson plans. The public school unit may customize templates for grades or
14 courses and may autopopulate any course materials required by the public
15 school unit as part of the curriculum for a particular grade or course.

16 (3) Allowing utilization of online collaborative software, documents, or
17 spreadsheets to allow multiple authorized users to update content.

18 (4) Authorizing updating lesson plans throughout the school year, if all updates
19 are completed by June 30.

20 (d) A governing body that is responsible for the operation of schools with fewer than 400
21 students cumulatively is not required to comply with the requirements of this section."

22 **SECTION 7.46.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

23 "(9e) Duty to Inform the Public About Course Materials. – The Board shall ensure
24 that information about course materials for any school operated under Article
25 7A and Article 9C of this Chapter is prominently displayed on the website of
26 the school, as required by G.S. 115C-102.1."

27 **SECTION 7.46.(c)** G.S. 115C-47 is amended by adding a new subdivision to read:

28 "(58a) To Inform the Public About Course Materials. – Local boards of education
29 shall ensure that information about course materials for each school in the
30 local school administrative unit is prominently displayed on the website of the
31 school, as required by G.S. 115C-102.1."

32 **SECTION 7.46.(d)** G.S. 115C-238.66 is amended by adding a new subdivision to

33 read:

34 "(11a) Course materials. – The board of directors shall ensure that information about
35 course materials is prominently displayed on the website of the regional
36 school, in accordance with G.S. 115C-102.1."

37 **SECTION 7.46.(e)** G.S. 115C-218.85 is amended by adding a new subsection to

38 read:

39 "(c) Course Materials. – A charter school shall ensure that information about course
40 materials is prominently displayed on the website of the charter school, in accordance with
41 G.S. 115C-102.1."

42 **SECTION 7.46.(f)** Article 4 of Chapter 116 of the General Statutes is amended by
43 adding a new section to read:

44 "**§ 116-69.2. Inform the public about course materials.**

45 The Board of Trustees shall ensure that information about course materials is prominently
46 displayed on the website of the North Carolina School of the Arts for all elementary, middle, and
47 high school programs, in accordance with G.S. 115C-102.1."

48 **SECTION 7.46.(g)** G.S. 116-235 is amended by adding a new subsection to read:

49 "(j) Course Materials. – The Board of Trustees shall ensure that information about course
50 materials is prominently displayed on the website of the School, in accordance with
51 G.S. 115C-102.1."

1 **SECTION 7.46.(h)** G.S. 116-239.8(b) reads as rewritten:

2 "(b) The chancellor shall be the administrative head of a laboratory school approved by
3 the Subcommittee and shall provide general direction for the establishment and operation of a
4 laboratory school. The chancellor, with advice and input from the advisory board established in
5 subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of
6 study to govern the operation of the laboratory school. The chancellor may designate the duties
7 required by this Article to other personnel as necessary. The chancellor shall also have the
8 following powers and duties:

9 ...

10 (2a) Course materials. – The chancellor shall ensure that information about course
11 materials is prominently displayed on the website of the laboratory school, in
12 accordance with G.S. 115C-102.1.

13 "

14 **SECTION 7.46.(i)** Section 6(d) of S.L. 2018-32 is amended by adding a new
15 subdivision to read:

16 "(5a) G.S. 115C-102.1, Inform the public about course materials."

17 **SECTION 7.46.(j)** Except as otherwise provided, this section is effective when it
18 becomes law and applies beginning with the display of course materials used during the
19 2021-2022 school year no later than June 30, 2022.

20 **MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS**

21 **SECTION 7.47.(a)** Part 3 of Article 8 of Chapter 115C of the General Statutes is
22 repealed.
23

24 **SECTION 7.47.(b)** Article 8 of Chapter 115C of the General Statutes is amended by
25 adding a new Part to read:

26 "Part 3C. Selection of Instructional Material.

27 "§ 115C-102.20. Definition of instructional materials.

28 (1) Curricula. – All current objectives, curricula materials, texts, and all other
29 audiovisual or printed materials that are displayed or distributed to students.

30 (2) Health and safety programs. – Any instruction, curricula, or materials intended
31 to impart information or promote discussion or understanding regarding any
32 of the following, including instruction, curricula, or materials implemented to
33 comply with any federal law, regulation, or guidance:

34 a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).

35 b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).

36 c. Growth and development, as provided in G.S. 115C-81.25(c)(9).

37 d. Anti-bullying or anti-harassment.

38 (3) Instructional materials. – Systematically organized material comprehensive
39 enough to cover the primary objectives outlined in the standard course of
40 study for a grade or course. Formats for instructional materials may be print
41 or nonprint, including hardbound books, softbound books, activity-oriented
42 programs, classroom kits, or digital resources that require the use of electronic
43 equipment in order to be used in the learning process.

44 (4) Local committee. – A local community media advisory committee.

45 (5) Parent. – A student's parent or legal guardian.

46 (6) State Committee. – The State Community Media Advisory Committee.

47 (7) Supplemental materials. – Educational materials that supplement specific
48 instruction for the standard course of study selected and procured by a local
49 board of education for a grade or course or general education needs of the
50 school. Supplemental materials may include textbooks, library books,
51 periodicals, audiovisual materials, and other supplemental instructional

1 materials needed for instructional purposes in the local school administrative
2 unit. Supplemental materials may be print or nonprint, including hardbound
3 books, softbound books, activity-oriented programs, classroom kits, or digital
4 resources that require the use of electronic equipment in order to be used in
5 the learning process.

- 6 (8) Unfit materials. – Instructional or supplemental materials determined to be
7 inappropriate for use in an elementary or secondary school because the
8 material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade
9 level of the students, or (iii) not aligned with the standard course of study.

10 **"§ 115C-102.25. Selection of instructional materials.**

11 (a) Local Board Adoption. – Local boards of education shall select and adopt
12 instructional materials for each standard course of study at each instructional level in the
13 elementary school and the secondary school adopted by the State Board of Education, as provided
14 in Part 1 of Article 8 of this Chapter.

15 (b) Evaluation of Instructional Materials Prior to Adoption. – For each standard course
16 of study, the local board of education may require experts employed by the local board of
17 education and certified in the discipline in which the instructional material would be used to offer
18 evaluation reports to the local board on materials being considered for adoption. Such evaluation
19 reports should give special consideration to the suitability of the instructional materials to the
20 instructional level for which it is offered, the content or subject matter, whether the instructional
21 materials are aligned with the standard course of study, and other criteria prescribed by the local
22 board.

23 **"§ 115C-102.30. Selection of supplemental materials.**

24 (a) Local boards of education shall adopt written policies concerning the procedures to
25 be followed in their local school administrative units for the selection and procurement of
26 supplemental materials for a grade or course or for general education needs at a school or
27 throughout the entire local school administrative unit. Local boards of education shall have sole
28 authority to select and procure supplemental materials, whether or not the materials contain
29 commercial advertising, to determine if the materials are related to and within the limits of the
30 prescribed curriculum, and to determine when the materials may be presented to students during
31 the school day.

32 (b) Supplemental materials shall neither displace nor be used to the exclusion of
33 instructional materials.

34 **"§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

35 (a) When adopting, modifying, or amending a health and safety program and the
36 instructional and supplemental materials for that program, a local board of education shall
37 conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

38 (b) The local board of education shall also provide both electronic and written notice to
39 all parents of students in the local school administrative unit of the public hearing and the
40 opportunity to review those materials in the program repository, as provided in
41 G.S. 115C-102.50, at least 60 days before the public hearing occurs.

42 (c) The notice to parents provided for in subsection (b) of this section shall include the
43 following in both written and electronic form:

- 44 (1) A detailed description of the program's objectives and any proposed changes,
45 including any topics that the local board of education determines that a
46 reasonable parent in that community may wish to examine as to the age
47 appropriateness of the topics.
48 (2) All written and audio materials that will be used.
49 (3) A link to, or information on how to access, the program repository on the local
50 school administrative unit's website, as provided in G.S. 115C-102.50.

51 **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

1 (a) Funds allocated by the State Board of Education or appropriated in the current
2 expense or capital outlay budgets of the local school administrative units shall be used by the
3 local board of education for purchase, lease, or rental of instructional or supplemental materials
4 and for hardware, software, or other equipment necessary for the use of the instructional or
5 supplemental materials. The title of purchased materials and equipment shall be vested in the
6 local board of education.

7 (b) Local boards of education are encouraged to partner with other local boards of
8 education and other public schools to jointly purchase instructional and supplemental materials.

9 (c) All instructional materials purchased with State funds shall include a clause granting
10 to the local board of education the license to produce braille, large print, and audio recording
11 copies of the instructional materials for use in the local school administrative unit.

12 (d) The local board of education shall publish on the website of the local school
13 administrative unit the title, author, and publisher of all instructional and supplemental materials
14 purchased by the local board of education.

15 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

16 (a) The students of the public elementary and secondary schools of the State shall be
17 provided with free instructional materials within the appropriation of the General Assembly for
18 that purpose. The local board of education shall provide for the free use by students, with proper
19 care and return, of elementary and secondary instructional materials. No local board of education
20 may charge any student a rental fee for the use of instructional materials or for hardware,
21 software, or other equipment necessary for the use of the instructional or supplemental materials.

22 (b) Local boards of education shall provide adequate and safe storage facilities for the
23 proper care of instructional and supplemental materials and emphasize to all students the
24 necessity for proper care of instructional and supplemental materials and equipment necessary
25 for the use of the instructional materials.

26 (c) A student's parents or legal guardians may be charged damage fees for abuse or loss
27 of instructional or supplemental materials or equipment necessary for the use of those materials
28 under rules adopted by the local board of education. Damage fees collected under this subsection
29 shall be used by the local board of education for purchase, lease, or rental of instructional and
30 supplemental materials, as provided in G.S. 115C-102.40.

31 **"§ 115C-102.50. Instructional materials repository.**

32 (a) A local board of education shall maintain a continuous repository of current
33 instructional and supplemental materials that have been selected and acquired by the local board
34 of education pursuant to this Article. The repository shall not be required to include classroom
35 materials developed by teachers. The materials shall be maintained at a central location for
36 in-person review by parents and the public upon request, and the names of all those materials
37 shall be posted to the local school administrative unit's website for review by parents and the
38 public.

39 (b) In addition to the requirements of subsection (a) of this section, a local board of
40 education shall also maintain a continuous repository of current objectives, entire curricula, texts,
41 and all other materials used in any health and safety program as follows:

42 (1) The current objectives, entire curricula, texts, and all other materials used in
43 any health and safety program shall be maintained at a central location for
44 in-person review by parents and the public upon request.

45 (2) Electronic copies of the current objectives and names of curricula, texts, or
46 any other materials used in any health and safety program shall be posted to
47 the local school administrative unit's website for review by parents and the
48 public. The website shall also include the curricula, texts, and any other
49 materials used in the health and safety program, including links to any
50 materials available on the publisher's website.

1 (3) The local board of education shall add to the central location and electronic
2 repository any objectives, curricula, texts, and other materials that may be
3 proposed for adoption, amendment, or modification to the health and safety
4 program and shall clearly indicate that status while the materials are under
5 consideration.

6 (c) Each school year, at least 14 days before students participate in a health and safety
7 program, a local board of education shall give both written and electronic notice to parents of
8 students participating in that program of the right of parents to review the objectives, complete
9 materials, and entire curriculum of that program in the program repository maintained by the
10 local board of education, as provided in subsection (b) of this section. The notice shall include
11 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction
12 with and combination with the notice and requirements to inform parents of the local board of
13 education's policy for participation in certain health and safety programs, as established in
14 G.S. 115C-81.32.

15 **"§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

16 (a) Any parent, guardian, or person in loco parentis may purchase any instructional
17 material needed for any student in the public schools of the State from the board of education of
18 the local school administrative unit in which the child is enrolled, if the board of education holds
19 title to the instructional material, as described in G.S. 115C-102.40(a).

20 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
21 or any other provision of law, a local board of education may dispose of discontinued
22 instructional or supplemental materials.

23 **"§ 115C-102.60. Local community media advisory committee.**

24 (a) A local board of education shall establish a local community media advisory
25 committee to investigate and evaluate challenges from parents, teachers, and members of the
26 public to instructional materials and supplemental materials on the grounds that they are unfit
27 materials. This section does not apply to optional supplemental materials available through the
28 school library.

29 (b) The local committee shall, at a minimum, include the following:

30 (1) A principal from a high school, middle school, and elementary school,
31 respectively.

32 (2) A teacher from a high school, middle school, and elementary school,
33 respectively.

34 (3) A parent of a student in high school or middle school and a parent of a student
35 in elementary school.

36 (4) A school library media coordinator from a high school, middle school, and
37 elementary school, respectively.

38 (c) Individuals challenging unfit materials shall make challenges in writing to the local
39 board of education and shall specify whether the materials are being challenged on the grounds
40 of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii)
41 not aligned with the standard course of study.

42 (d) Within two weeks of the filing of the challenge, the local committee shall hold a
43 hearing and provide the challengers an opportunity to present their concerns to the local
44 committee. The local committee may, in the local committee's discretion, request additional
45 information at the hearing from experts on the subject matter employed by the local school
46 administrative unit. Within two weeks of the hearing, the local committee shall make a
47 recommendation to the local board of education on whether the challenge has merit and whether
48 the challenged material should be retained or removed as unfit material. The local committee's
49 determination shall be limited to considerations of whether the material is unfit on the specific
50 grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level
51 of the students, or (iii) not aligned with the standard course of study.

1 (e) At the next meeting of the local board of education after the local committee's
2 recommendation is received, the local board shall determine whether the challenge has merit and
3 whether the challenged material should be retained or removed as unfit material.

4 (f) If the local board of education determines that the challenged material shall be
5 retained, a challenger may appeal the local board's decision to the State Community Media
6 Advisory Committee. The challenger must make the appeal in the form and manner designated
7 by the State Board of Education within two weeks of the local board's decision.

8 **"§ 115C-102.65. State Community Media Advisory Committee.**

9 (a) The State Board of Education shall establish a State Community Media Advisory
10 Committee to review challenges to instructional and supplemental materials appealed under
11 G.S. 115C-102.55.

12 (b) The State Committee shall, at a minimum, include the following:

13 (1) The State Superintendent of Public Instruction or designee.

14 (2) One superintendent of a local school administrative unit.

15 (3) A principal from a high school, middle school, and elementary school,
16 respectively.

17 (4) A teacher from a high school, middle school, and elementary school,
18 respectively.

19 (5) A parent of a student in high school or middle school and a parent of a student
20 in elementary school.

21 (6) A school library media coordinator from a high school, middle school, and
22 elementary school, respectively.

23 (c) A member of the State Committee may be recused from any challenge to materials
24 used in the local school administrative unit in which the member is employed or in which the
25 member's child is enrolled.

26 (d) The State Board of Education shall designate the form and manner for appeals to be
27 made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be
28 provided to the local board of education.

29 (e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing
30 and provide the appellants an opportunity to present concerns to the State Committee as well as
31 the local board of education an opportunity to rebut those concerns. The State Committee may,
32 in the State Committee's discretion, request additional information at the hearing from experts on
33 the subject matter employed by the State Board of Education. Within two weeks of the hearing,
34 the State Committee shall make a recommendation to the State Board of Education on whether
35 the appealed challenge has merit and whether the challenged material should be retained or
36 removed as unfit material. The State Committee's determination shall be limited to considerations
37 of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii)
38 inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the
39 standard course of study.

40 (f) At the next meeting of the State Board of Education after the State Committee's
41 recommendation is received, the State Board shall determine whether the appealed challenge has
42 merit and whether the challenged material should be retained or removed as unfit material. If the
43 State Board of Education determines that challenged material shall be removed, the local board
44 of education shall remove the material. The decision of the State Board of Education is final and
45 is not subject to appeal by the local board of education or challenger."

46 **SECTION 7.47.(c)** G.S. 115C-11(d) reads as rewritten:

47 "(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~
48 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a
49 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute
50 book."

51 **SECTION 7.47.(d)** G.S. 115C-11(e) is repealed.

1 **SECTION 7.47.(e)** G.S. 115C-12(9)b. is repealed.

2 **SECTION 7.47.(f)** G.S. 115C-12(18)d. reads as rewritten:

3 "d. The State Board of Education shall modify the Uniform Education
4 Reporting System to provide clear, accurate, and standard information
5 on the use of funds at the unit and school level. The plan shall provide
6 information that will enable the General Assembly to determine State,
7 local, and federal expenditures for personnel at the unit and school
8 level. The plan also shall allow the tracking of expenditures for
9 ~~textbooks,~~ instructional materials, educational supplies and
10 equipment, capital outlay, at-risk students, and other purposes."

11 **SECTION 7.47.(g)** G.S. 115C-47(6) reads as rewritten:

12 "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall
13 adopt rules and regulations governing solicitations of, sales to, and
14 fund-raising activities conducted by, the students and faculty members in
15 schools under their jurisdiction, and no fees, charges, or costs shall be
16 collected from students and school personnel without approval of the board of
17 education as recorded in the minutes of said board; ~~provided, this subdivision~~
18 ~~shall not apply to such textbooks fees as are determined and established by the~~
19 ~~State Board of Education.~~ board. The local board of education shall publish a
20 schedule of fees, charges, and solicitations approved by the local board on the
21 local school administrative unit's Web site by October 15 of each school year
22 and, if the schedule is subsequently revised, within 30 days following the
23 revision."

24 **SECTION 7.47.(h)** G.S. 115C-47(33) reads as rewritten:

25 "(33) To Approve and Use Supplemental Materials. – Local boards of education
26 shall have sole authority to select and procure ~~supplementary instructional~~
27 supplemental materials, whether or not the materials contain commercial
28 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~ Part 3C of Article
29 8 of this Chapter."

30 **SECTION 7.47.(i)** G.S. 115C-47(33a) reads as rewritten:

31 "(33a) To Approve and Use Textbooks Not Adopted by State Board of Education.
32 Instructional Materials. – Local boards of education shall have the sole
33 authority to select, procure, and use ~~textbooks not adopted by the State Board~~
34 ~~of Education~~ instructional materials as provided in ~~G.S. 115C-98(b1).~~ Part 3C
35 of Article 8 of this Chapter."

36 **SECTION 7.47.(j)** G.S. 115C-75.10(c) reads as rewritten:

37 "(c) Funding Memorandum of Understanding. – The IS operator, in collaboration with the
38 ISD Superintendent, may enter into a funding memorandum of understanding with the local
39 board of education of the local school administrative unit where the innovative school is located
40 for all student support and operational services and instructional services to be provided by the
41 local board of education in the same manner and degree as in the prior school year or funding in
42 an amount equivalent to the amount the local board of education would have expended on those
43 services if provided. For the purposes of this subsection, student support and operational services
44 include cafeteria services, custodial services, broadband and utilities, and student information
45 services, and instructional services include alternative education, special education services, test
46 administration services, ~~textbooks,~~ instructional materials, technology, media resources,
47 instructional equipment, and other resources. The IS operator and local board of education shall
48 finalize the funding memorandum of understanding within 30 days of the initial request for the
49 memorandum by the IS operator. If the parties have not completed the funding memorandum of
50 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

51 **SECTION 7.47.(k)** G.S. 115C-81.5(b)(3) is repealed.

1 **SECTION 7.47.(l)** G.S. 115C-81.25(b)(3) is repealed.

2 **SECTION 7.47.(m)** G.S. 115C-81.25(d) reads as rewritten:

3 "(d) Parental Review. – The State Board of Education shall make available to all local
4 school administrative units for review by the parents and legal guardians of students enrolled at
5 those units any State-developed objectives for ~~instruction any approved textbooks,~~ instruction,
6 the list of reviewed materials, and any other State-developed or approved materials that pertain
7 to or are intended to impart information or promote discussion or understanding in regard to the
8 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of
9 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The
10 review period shall extend for at least 60 days before use."

11 **SECTION 7.47.(n)** G.S. 115C-242(3) reads as rewritten:

12 "(3) The board of education of any local school administrative unit may operate
13 the school buses of such unit one day prior to the opening of the regular school
14 term for the transportation of pupils and employees to and from the school to
15 which such pupils are assigned or in which they are enrolled and such
16 employees are employed, for the purposes of the registration of students, the
17 organization of classes, the distribution of ~~textbooks,~~ instructional materials,
18 and such other purposes as will, in the opinion of the superintendent of the
19 schools of such unit, promote the efficient organization and operation of such
20 public schools."

21 **SECTION 7.47.(o)** G.S. 115C-271(d)(2) reads as rewritten:

22 "(2) Local funds appropriated for teachers, ~~textbooks,~~ instructional materials, or
23 classroom materials, supplies, and equipment are not transferred or used for
24 this purpose."

25 **SECTION 7.47.(p)** G.S. 115C-384(c) reads as rewritten:

26 "(c) Rental Fees for ~~Textbooks—Instructional Materials~~ Prohibited; Damage Fees
27 Authorized. – No rental fees are permitted for the use of ~~textbooks,~~ instructional materials, but
28 damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100.~~ G.S. 115C-102.45."

29 **SECTION 7.47.(q)** G.S. 115C-390.2(l)(1) reads as rewritten:

30 "(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished
31 digital devices home for the duration of the absence."

32 **SECTION 7.47.(r)** G.S. 115C-390.5(c)(1) reads as rewritten:

33 "(1) The opportunity to take ~~textbooks~~ instructional materials home for the
34 duration of the suspension."

35 **SECTION 7.47.(s)** G.S. 115C-398 reads as rewritten:

36 "**§ 115C-398. Damage to school buildings, furnishings, textbooks.**

37 Students and their parents or legal guardians may be liable for damage to school buildings,
38 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,
39 115C-100 and 14-132."

40 **SECTION 7.47.(t)** G.S. 143A-48 is repealed.

41 **SECTION 7.47.(u)** G.S. 143C-9-7(b) reads as rewritten:

42 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming
43 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local
44 school administrative units, charter schools, and regional schools on the basis of allotted average
45 daily membership. The funds allotted by the State Board of Education pursuant to this section
46 shall be nonreverting. Funds received pursuant to this section by local school administrative units
47 shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or
48 ~~textbooks.~~ instructional materials."

49 **SECTION 7.47.(v)** Effective July 1, 2021, the existing Textbooks and Digital
50 Resources funding allotment in the State Public School Fund shall be designated as the
51 Instructional Materials funding allotment in the State Public School Fund. The State Board of

1 Education shall establish the purposes for which the funds within the new Instructional Materials
2 funding allotment may be used as follows: (i) to acquire instructional or supplemental materials
3 as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire software necessary
4 for the use of the instructional or supplemental materials.

5 **SECTION 7.47.(w)** G.S. 115C-105.25(b)(12) reads as rewritten:

6 "(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may
7 only be used for the purchase of ~~textbooks and digital resources~~ to acquire
8 instructional and supplemental materials, as defined in G.S. 115C-102.20, and
9 to acquire software necessary for the use of the instructional or supplemental
10 materials. These funds shall not be transferred out of the allotment for any
11 other purpose."

12 **SECTION 7.47.(x)** G.S. 115C-81.30(b) and (c) are repealed.

13 **SECTION 7.47.(y)** Article 8 of Chapter 115C of the General Statutes is amended by
14 adding a new section to read:

15 **"§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

16 Local boards of education shall adopt policies to provide opportunities either for parents to
17 consent or for parents to withhold their consent to the students' participation in any or all of the
18 health and safety programs included in subdivision (2) of G.S. 115C-102.20 provided by the local
19 school administrative unit. Local boards of education shall provide notice to parents of this
20 opportunity at least 14 days before students participate in the health and safety programs, in
21 conjunction with and combination with the notice required by G.S. 115C-102.50. The notice shall
22 inform parents of the local board's policy for participation in the health and safety programs and
23 provide a form that allows parents to exercise parental rights under that policy."

24 **SECTION 7.47.(z)** G.S. 115C-81.30(c) reads as rewritten:

25 "(e) ~~Parental Review and Consent. Each school year, before students may participate in~~
26 ~~any portion of (i) a program that pertains to or is intended to impart information or promote~~
27 ~~discussion or understanding in regard to the prevention of sexually transmitted diseases,~~
28 ~~including HIV/AIDS, or to the avoidance of out-of-wedlock pregnancy or (ii) a reproductive~~
29 ~~health and safety education program, whether developed by the State or by the local board of~~
30 ~~education, the parents and legal guardians of those students shall be given an opportunity to~~
31 ~~review the objectives and materials as provided in G.S. 115C-81.25(d). Local boards of education~~
32 ~~shall adopt policies to provide opportunities either for parents and legal guardians to consent or~~
33 ~~for parents and legal guardians to withhold their consent to the students' participation in any or~~
34 ~~all of these programs."~~

35 **SECTION 7.47.(aa)** No local board of education shall be required to hold a public
36 hearing for any program, as defined in this section, in use prior to the 2021-2022 school year
37 until that program is amended, modified, or replaced. All local boards of education shall establish
38 a program repository of current programs, as defined in this section, for access to parents prior
39 to the start of the 2021-2022 school year and shall not implement any program until that program
40 is included in the repository.

41 **SECTION 7.47.(bb)** This section is effective when it becomes law and applies
42 beginning with the 2021-2022 school year.

43 **LOW-PERFORMING SCHOOLS**

44 **SECTION 7.48.(a)** Low-Performing Schools. – Notwithstanding G.S. 115C-105.37
45 and G.S. 115C-218.94(a), for the 2021-2022 school year, the following apply:

- 46 (1) The State Board shall not identify additional low-performing schools based
47 on data from the 2020-2021 school year.
- 48 (2) Schools previously identified as low-performing based on data from the
49 2018-2019 school year shall continue to be identified as low-performing.
50

- 1 (3) Previously identified low-performing schools shall continue to carry out the
2 final plan approved by the local board of education pursuant to
3 G.S. 115C-105.37(a1).
4 (4) The State Board and the local board of education shall continue to provide
5 online access to each low-performing school's plan in accordance with
6 G.S. 115C-105.37(a1)(5).
7 (5) The written parental notice required by G.S. 115C-105.37(b) is not required
8 to be provided again, but local boards of education of low-performing schools
9 shall include with their online final plans a brief explanation that
10 low-performing identification continues pending assessment data from the
11 2021-2022 school year.

12 **SECTION 7.48.(b)** Continually Low-Performing Schools. – Notwithstanding
13 G.S. 115C-105.37A and G.S. 115C-218.94(b), for the 2021-2022 school year, the following
14 apply:

- 15 (1) The State Board shall not identify additional continually low-performing
16 schools based on data from the 2020-2021 school year.
17 (2) Schools previously identified as continually low-performing based on data
18 from the 2018-2019 school year shall continue to be identified as continually
19 low-performing.
20 (3) Previously identified continually low-performing schools shall continue to
21 carry out the plan approved by the State Board pursuant to
22 G.S. 115C-105.37A(a).
23 (4) Assistance and intervention levels provided for the 2019-2020 school year
24 based on designation as low-performing for two years under
25 G.S. 115C-105.37A(b) or low-performing for three years under
26 G.S. 115C-105.37A(c) shall continue.
27 (5) Local boards of education may request to reform a continually
28 low-performing school in accordance with G.S. 115C-105.37B.

29 **SECTION 7.48.(c)** Low-Performing Local School Administrative Units. –
30 Notwithstanding G.S. 115C-105.39A, for the 2021-2022 school year, the following apply:

- 31 (1) The State Board shall not identify additional low-performing local school
32 administrative units based on data from the 2020-2021 school year.
33 (2) Local school administrative units previously identified as low-performing
34 based on data from the 2018-2019 school year shall continue to be identified
35 as low-performing.
36 (3) Previously identified low-performing local school administrative units shall
37 continue to carry out the final plan approved by the local board of education
38 pursuant to G.S. 115C-105.39A(b).
39 (4) The State Board and the local board of education shall continue to provide
40 online access to each low-performing local school administrative unit's plan
41 in accordance with G.S. 115C-105.39A(b)(5).
42 (5) The written parental notice required by G.S. 115C-105.39A(c) is not required
43 to be provided again, but the local board of education shall include with its
44 online final plan a brief explanation that low-performing identification
45 continues pending assessment data from the 2021-2022 school year.
46 (6) The provisions of G.S. 115C-105.39(c) through (e) shall not apply.

47
48 **PUBLIC SCHOOL UNIT CALENDARS FOR THE 2021-2022 SCHOOL YEAR**

49 **SECTION 7.49.(a)** Part 2 of Article 8 of Chapter 115C of the General Statutes is
50 amended by adding a new section to read:

51 **"§ 115C-84.3. Remote instruction.**

1 (a) Remote instruction means instruction delivered to students in a remote location
2 outside of the school facility, whether synchronously or asynchronously. Instructional days or
3 hours provided through any of the following shall not be considered remote instruction:

4 (1) North Carolina Virtual Public School courses.

5 (2) E-learning courses that meet the requirements of G.S. 115C-238.85.

6 (3) Institution of higher education courses, as provided in Article 16 of this
7 Chapter or G.S. 115D-20(4).

8 (4) Homebound instruction required for a student by an individualized education
9 program, as defined in G.S. 115C-106.3(8), or a section 504 (29 U.S.C. § 794)
10 plan.

11 (5) Instruction provided to a student during a short- or long-term suspension.

12 (b) A public school unit in a county that has received a good-cause waiver, as provided
13 in G.S. 115C-84.2(d), for the school year may use up to 15 remote instruction days or 90 remote
14 instruction hours when schools are unable to open due to severe weather conditions, energy
15 shortages, power failures, or other emergency situations and may use that time toward the
16 required instructional days or hours for the school calendar. All other public school units may
17 use up to five remote instruction days or 30 remote instruction hours when schools are unable to
18 open due to severe weather conditions, energy shortages, power failures, or other emergency
19 situations and may use that time toward the required instructional days or hours for the school
20 calendar.

21 (c) Except as provided in subsection (b) of this section, a public school unit shall not use
22 remote instruction to satisfy the minimum required number of instructional days or hours for the
23 school calendar.

24 (d) A governing board that chooses to use remote instruction as provided in subsection
25 (b) of this section shall submit to the State Board, by July 1 annually, a remote instruction plan
26 that provides a detailed framework for delivering quality remote instruction to students for the
27 upcoming school year and information on the number of remote instruction days or hours used
28 in the prior school year to satisfy instructional requirements, when applicable. At a minimum,
29 the plans submitted by governing boards shall include the following:

30 (1) Identification of the resources that will be used to facilitate remote instruction.

31 (2) Communication with and training opportunities for teachers, administrators,
32 instructional support staff, parents, and students on how to access and
33 effectively use remote instruction resources, including regular opportunities
34 for students to use those resources during nonremote instructional days to
35 ensure student success during remote instruction.

36 (3) Establishment of methods for tracking and reporting attendance during remote
37 instruction, including protocols for determining attendance, the reporting
38 system to be used, and how attendance procedures will be communicated to
39 parents before remote instruction begins.

40 (4) Establishment of staff roles and expectations for remote instruction days,
41 including teacher workdays, teacher accessibility, and noncertified staff
42 workdays and responsibilities.

43 (5) Communication of learning targets to students on each remote instruction day
44 and development of measures to ensure that remote instruction time, practice,
45 and application components support learning growth that continues toward
46 mastery of the standard course of study.

47 (6) Development of remote instruction options appropriate for teachers and
48 students with limited connectivity capability, including the opportunity for
49 students to download remote instruction materials in advance when
50 practicable.

(7) Provision of remote instruction for students with disabilities in a manner consistent with each student's individualized education program (IEP), as defined in G.S. 115C-106.3, or section 504 (29 U.S.C. § 794) plan. Remote instruction supports shall be considered and included, as appropriate for the student, when an IEP or 504 plan is initially developed or at any subsequent review or revision of an IEP or 504 plan.

(e) The State Board of Education shall report by September 15 annually to the Joint Legislative Education Oversight Committee on the following information related to remote instruction:

(1) A copy of each governing board's remote instruction plan.

(2) A summary document of the following:

a. The number of remote instruction days or hours used by each public school unit in the prior school year.

b. Strengths, challenges, and trends noted by the State Board in its review of how governing boards implement remote instruction.

c. Any other data deemed by the State Board to be useful to the Joint Legislative Education Oversight Committee in evaluating the use and delivery of remote instruction in emergency circumstances."

SECTION 7.49.(b) G.S. 115C-84.2(a) reads as rewritten:

"(a) School Calendar. – Each local board of education shall adopt a school calendar consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall include the following:

(1) A minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months. The local board shall designate when the instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among the schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement ~~weather~~ weather and may include the use of remote instruction in accordance with G.S. 115C-84.3.

...."

SECTION 7.49.(c) G.S. 115C-218.85(a)(1) reads as rewritten:

"(1) The school shall provide instruction each year for at least 185 days or 1,025 hours over nine calendar ~~months~~ months and may include the use of remote instruction in accordance with G.S. 115C-84.3."

SECTION 7.49.(d) G.S. 115C-238.53(d) reads as rewritten:

"(d) A cooperative innovative high school approved under this Part shall ~~provide~~ do the following:

(1) Provide instruction each school year for at least 185 days or 1,025 instructional hours during nine calendar months, ~~shall comply and may include the use of remote instruction in accordance with G.S. 115C-84.3. The requirements of G.S. 115C-84.2 shall not apply to the school calendar of a program approved under this Part.~~

(2) Comply with laws and policies relating to the education of students with ~~disabilities, and shall comply~~ disabilities.

(3) Comply with Article 27 of this Chapter. ~~The requirements of G.S. 115C-84.2 shall not apply to the school calendar of a program approved under this Part."~~

1 **SECTION 7.49.(e)** G.S. 115C-238.66(1)d. reads as rewritten:

2 "d. The board of directors shall adopt a school calendar consisting of a
3 minimum of 185 days or 1,025 hours of instruction covering at least
4 nine calendar ~~months~~-months and may include the use of remote
5 instruction in accordance with G.S. 115C-84.3."

6 **SECTION 7.49.(f)** G.S. 116-239.8(b)(2)c. reads as rewritten:

7 "c. The chancellor shall adopt a school calendar consisting of a minimum
8 of 185 days or 1,025 hours of instruction covering at least nine
9 calendar ~~months~~-months and may include the use of remote instruction
10 in accordance with G.S. 115C-84.3."

11 **SECTION 7.49.(g)** Subdivision 6(e)(1) of S.L. 2018-32 reads as rewritten:

12 "(1) Provide instruction each year for at least 185 days or 1,025 hours over nine
13 calendar ~~months~~-months and may include the use of remote instruction in
14 accordance with G.S. 115C-84.3."

15 **SECTION 7.49.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new
16 subdivision to read:

17 "**(5b)** G.S. 115C-84.3, Remote instruction."

18 **SECTION 7.49.(i)** This section is effective when it becomes law and applies to the
19 2021-2022 school year. This section is repealed June 30, 2022.

20 21 **REMOTE INSTRUCTION FOR COVID-19 EMERGENCIES**

22 **SECTION 7.50.** Notwithstanding G.S. 115C-84.3, as enacted by this act, a public
23 school unit shall have the authority to make day-to-day decisions for the 2021-2022 school year
24 concerning whether shifting individual schools or individual classrooms that are providing
25 in-person instruction to temporary remote instruction is necessary due to COVID-19 exposures
26 that result in insufficient school personnel or required student quarantines. A public school unit
27 shall report any shift by a school or classroom from in-person to temporary remote instruction as
28 provided in this section to the Department of Public Instruction within 72 hours of the shift and
29 shall return to in-person instruction as soon as personnel are available or the required quarantines
30 are complete.

31 32 **PLANNED VIRTUAL INSTRUCTION**

33 **SECTION 7.51.(a)** Notwithstanding G.S. 115C-84.3, as enacted by this act, public
34 school units shall be authorized to provide virtual instruction during the 2021-2022 school year
35 to a student with the consent of that student's parent or legal guardian in accordance with a virtual
36 instruction plan providing the information required by this subsection, if submitted by the
37 governing board to the Department of Public Instruction by August 1, 2021. Public school units
38 shall limit the total number of students participating in virtual instruction to no more than fifteen
39 percent (15%) of the total student enrollment of that unit. The Department of Public Instruction
40 shall make available a copy of each governing board's virtual instruction plan to the Joint
41 Legislative Education Oversight Committee and the Working Group on Virtual Academies, as
42 enacted by Section 3C of this act, by August 15, 2021.

43 **SECTION 7.51.(b)** The virtual instruction plan required by subsection (a) of this
44 section shall include the following:

- 45 (1) The range of grades for which virtual instruction will be offered. The plan
46 should note throughout the differences in delivery of virtual instruction for
47 elementary, middle, and high school students.
- 48 (2) The types of virtual instruction that will be made available, including whether
49 virtual instruction will be full-time or blended instruction.

- 1 (3) Whether the virtual instruction will be offered through a (i) school whose
2 primary means of instruction is virtual instruction, (ii) school within a school,
3 or (iii) customized offering unique to specific students.
- 4 (4) The estimated numbers of students to be served with virtual instruction.
- 5 (5) A means for identifying students participating in virtual instruction that will
6 allow assessment of that subgroup's performance and EVAAS scores for
7 students receiving virtual instruction in a school that does not exclusively
8 provide virtual instruction.
- 9 (6) Participation requirements, including student eligibility and agreements for
10 participation from students and parents.
- 11 (7) The methods by which enrollment, daily attendance, course credit accrual,
12 progress toward graduation, and course completion will be monitored for
13 students receiving virtual instruction.
- 14 (8) Identification of the resources that will be used to facilitate virtual instruction.
- 15 (9) The methods for communication with and training opportunities for teachers,
16 administrators, instructional support staff, parents, and students engaged in
17 virtual instruction.
- 18 (10) Establishment of staff roles and expectations when providing virtual
19 instruction, including teacher accessibility.
- 20 (11) The measures used to ensure that both synchronous and asynchronous virtual
21 instruction time, practice, and application components support learning
22 growth that continues towards mastery of the standard course of study.
- 23 (12) Any unique infrastructure necessary to support virtual instruction.
- 24 (13) The methods for ensuring that virtual instruction for students with disabilities
25 is delivered in a manner consistent with each student's individualized
26 education program (IEP), as defined in G.S. 115C-106.3, or section 504 (29
27 U.S.C. § 794) plan. Remote instruction supports shall be considered and
28 included, as appropriate for the student, when an IEP or 504 plan is initially
29 developed or at any subsequent review or revision of an IEP or 504 plan.
- 30 (14) Procedures to be used when making retention decisions for considering the
31 appropriateness and effectiveness of continuing virtual instruction for students
32 at risk of academic failure, including procedures for involving parents in these
33 discussions.

34 **SECTION 7.51.(c)** No public school unit shall use virtual instruction to satisfy the
35 minimum required number of instructional days or hours after June 30, 2022, without express
36 authorization from the General Assembly, except for local school administrative units that were
37 assigned a school code to operate a school with virtual instruction as the primary means of
38 instruction as of May 1, 2021.

39 **VIRTUAL ACADEMIES STUDY**

40 **SECTION 7.52.** The Superintendent of Public Instruction shall establish a Working
41 Group on Virtual Academies that includes interested stakeholders from, at a minimum, public
42 school units, parents, and the State Board of Education to make recommendations related to
43 virtual academies. The Working Group shall be chaired by the Superintendent or
44 Superintendent's designee and shall review in its deliberations data and information gained from
45 the 2020-2021 school year and from the virtual instruction plans submitted by public school units
46 for the 2021-2022 school year. The Working Group shall report on the following to the Joint
47 Legislative Education Oversight Committee no later than January 15, 2022:

- 48 (1) Definitions of virtual instruction and virtual academies, including any
49 differences in the definitions for charter schools and other public school units.
50

- 1 (2) Requirements for authorization of virtual academies, including any
 2 differences in the requirements for charter schools and other public school
 3 units.
- 4 (3) Additional requirements for virtual academies, including, but not limited to:
 5 a. Infrastructure requirements, if any, such as access to internet
 6 connectivity, equipment, hardware, software, and technical support.
 7 b. Instructional requirements, including student monitoring, attendance
 8 and testing requirements, measures for completion of instructional
 9 days and hours requirements, synchronous instruction minimums, and
 10 measures of course credit accrual, progress toward graduation, and
 11 course completion.
 12 c. Personnel requirements, including professional development.
 13 d. Participation requirements, including student eligibility and
 14 agreements for participation from students and parents.
 15 e. Special education requirements.
 16 f. Term of years for approval for a virtual academy and criteria for initial
 17 approval and renewal.
 18 g. Distinctions in requirements for different types of public school units.
 19 h. A means for identifying students participating in virtual instruction
 20 that will allow assessment of that subgroup's performance and EVAAS
 21 scores for students receiving virtual instruction in a school that does
 22 not exclusively provide virtual instruction.
 23

24 **FLEXIBILITY FOR DPI POSITIONS TO SUPPORT THE EPSA**

25 **SECTION 7.53.(a)** Section 7A.12 of S.L. 2012-142, as enacted by Section 2.1 of
 26 S.L. 2012-145, is repealed.

27 **SECTION 7.53.(b)** Beginning with the 2021-2022 fiscal year, the Department of
 28 Public Instruction may use the funds appropriated for the Excellent Public Schools Act, Read to
 29 Achieve Program, initially established under Section 7A.1 of S.L. 2012-142, to establish
 30 positions as necessary to support the program, including implementation of the requirements of
 31 the Excellent Public Schools Act of 2021, S.L. 2021-8.
 32

33 **COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION** 34 **COMMISSION GRANT PROGRAMS**

35 **SECTION 7.54.** Article 6C of Chapter 115C of the General Statutes reads as
 36 rewritten:

37 "Article 6C.

38 "Education and Workforce Innovation and CTE Grade Expansion Program.

39 "**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

40 (a) There is created the North Carolina Education and Workforce Innovation
 41 Commission (Commission). The Commission shall be located administratively in the
 42 Department of Public Instruction but shall exercise all its prescribed powers independently of the
 43 Department of Public Instruction. Of the funds appropriated for the Education and Workforce
 44 Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten
 45 percent (10%) of those funds each fiscal year may be used by the Department of Public
 46 Instruction to provide technical assistance and administrative assistance, including staff, to the
 47 Commission and for reimbursements and expenses for the Commission for the Education and
 48 Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion and~~
 49 CTE Grade Expansion Program.

50 (b) The Commission shall consist of the following 14 members:

- 51 (1) The Secretary of Commerce or his or her designee.

- 1 (2) The State Superintendent of Public Instruction or his or her designee.
2 (3) The Chair of the State Board of Education or his or her designee.
3 (4) The President of The University of North Carolina or his or her designee.
4 (5) The President of the North Carolina Community College System or his or her
5 designee.
6 (6) Three members appointed by the Governor who have experience in education.
7 (7) Three members appointed by the General Assembly upon recommendation of
8 the Speaker of the House of Representatives, as provided in G.S. 120-121,
9 who have experience in businesses operating in North Carolina.
10 (8) Three members appointed by the General Assembly upon the
11 recommendation of the President Pro Tempore of the Senate, as provided in
12 G.S. 120-121, who have experience in businesses operating in North Carolina.

13 (b1) Members appointed by the Governor or the General Assembly shall serve for
14 three-year terms commencing July 1 of the year of appointment and may serve successive terms.

15 (c) The Commission members shall elect a chair from the membership of the
16 Commission. The Commission shall meet at least three times annually on the call of the Chair or
17 as additionally provided by the Commission. A quorum is six members of the Commission.
18 Members may not ~~send designees to Commission meetings nor may they vote~~ by proxy.

19 (d) The Commission shall develop and administer the Education and Workforce
20 Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in
21 collaboration with the North Carolina Career and Technical Education Foundation, Inc., and
22 make awards of grants under the Program.

23 ~~(d1) The Commission shall develop and administer, in coordination with the State Board
24 of Education and the Superintendent of Public Instruction, and in collaboration with the North
25 Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education
26 Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of
27 grants under the Program.~~

28 ~~(d2) The North Carolina Career and Technical Education Foundation, Inc., shall serve as
29 a grant administrator by providing provide~~ assistance and support to grantees for initiating,
30 expanding, improving, and promoting career and technical education initiatives.

31 (e) ~~The Commission, in consultation with the North Carolina Career and Technical
32 Education Foundation, Inc., Commission~~ shall publish a report on the Education and Workforce
33 Innovation and CTE Grade Expansion Program ~~and the Career and Technical Education Grade
34 Expansion Program~~ on or before April 30 of each year. The report shall be submitted to the
35 Senate Appropriations Committee on Education/Higher Education, the House Appropriations
36 Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight
37 Committee, the State Board of Education, the State Board of Community Colleges, and the Board
38 of Governors of The University of North Carolina. The report shall include at least all of the
39 following information:

- 40 (1) An accounting of how funds and personnel resources were utilized for ~~each~~
41 the program and their impact on student achievement, retention, and
42 employability.
43 (2) Recommended statutory and policy changes.
44 (3) Recommendations for improvement of ~~each the program~~.
45 (4) For the Career and Technical Education Grade Expansion ~~Program, Grants,~~
46 recommendations on increasing availability of grants after the first two years
47 ~~of the program~~ to include additional local school administrative ~~units~~ units,
48 charter schools, or providing additional grants to prior recipients.

49 **"§ 115C-64.16. The Education and Workforce Innovation Program and CTE Grade**
50 **Expansion Program; innovation grants.**

1 (a) Program Establishment. – There is established the Education and Workforce
2 Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that
3 will lead to more students graduating career and college ~~ready~~ and to prioritize the inclusion of
4 students in sixth and seventh grades through grant awards provided to selected local school
5 administrative units and charter schools.

6 (a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award
7 competitive grants depending on the needs of the State, as determined by the Commission, by
8 dividing the grants between each type as innovation grants pursuant to the provisions of this
9 section or as grants for grade expansion for career and technical education pursuant to the
10 provisions of G.S. 115C-64.17.

11 (a2) Innovation Grants. – Competitive grants shall be awarded to ~~an~~ a charter school, an
12 individual school, school in a local school administrative unit, a local school administrative unit,
13 or a regional partnership of more than one local school administrative unit to advance
14 comprehensive, high-quality education that equips teachers and other hired personnel with the
15 knowledge and skill required to succeed with all students. Before receiving a an innovation grant,
16 applicants must meet all of the following conditions:

- 17 (1) Form a partnership, for the purposes of the grant, with either a public or private
18 university or a community college.
- 19 (2) Form a partnership, for the purposes of the grant, with regional businesses and
20 business leaders.
- 21 (3) Demonstrate the ability to sustain innovation once grant funding ends.

22 (b) Applicant Categories and Specific ~~Requirements.~~ Requirements for Innovation
23 Grants. –

- 24 (1) Individual schools. – ~~Individual public schools~~ Charter schools and individual
25 public schools in local school administrative units must demonstrate all of the
26 following in their applications:
 - 27 a. Partnerships with business and industry to determine the skills and
28 competencies needed for students' transition into growth sectors of the
29 regional economy.
 - 30 b. Aligned pathways to employment, including students' acquisition of
31 college credit or industry recognized credentials.
 - 32 c. Development of systems, infrastructure, capacity, and culture to
33 enable teachers and school leaders to continuously focus on improving
34 individual student achievement.
- 35 (2) Local school administrative units. – Local school administrative units must
36 demonstrate all of the following in their applications:
 - 37 a. Implementation of comprehensive reform and innovation.
 - 38 b. Appointment of a senior leader to manage and sustain the change
39 process with a specific focus on providing parents with a portfolio of
40 meaningful options among schools.
- 41 (3) Regional partnerships of two or more local school administrative units. –
42 Partnerships of two or more local school administrative units must
43 demonstrate all of the following in their applications:
 - 44 a. Implementation of resources of partnered local school administrative
45 units in creating a tailored workforce development system for the
46 regional economy and fostering innovation in each of the partnered
47 local school administrative units.
 - 48 b. Promotion of the development of knowledge and skills in career
49 clusters of critical importance to the region.
 - 50 c. Benefits of the shared strengths of local businesses and higher
51 education.

- 1 d. Usage of technology to deliver instruction over large geographic
2 regions and build networks with industry.
- 3 e. Implementation of comprehensive reform and innovation that can be
4 replicated in other local school administrative units.
- 5 (c) Consideration of Factors in Awarding of Innovation Grants. – All applications must
6 include information on at least the following in order to be considered for ~~a~~an innovation grant:
7 (1) Describe the aligned pathways from school to high-growth careers in regional
8 economies.
9 (2) Leverage technology to efficiently and effectively drive teacher and principal
10 development, connect students and teachers to online courses and resources,
11 and foster virtual learning communities among faculty, higher education
12 partners, and business partners.
13 (3) Establish a comprehensive approach to enhancing the knowledge and skills of
14 teachers and administrators to successfully implement the proposed
15 innovative program and to graduate all students ready for work and college.
16 (4) Link to a proven provider of professional development services for teachers
17 and administrators capable of providing evidence-based training and tools
18 aligned with the goals of the proposed innovative program.
19 (5) Form explicit partnerships with businesses and industry, which may include
20 business advisory councils, internship programs, and other customized
21 projects aligned with relevant workforce skills.
22 (6) Partner with community colleges or public or private universities to enable
23 communities to challenge every student to graduate with workplace
24 credentials or college credit.
25 (7) Align K-12 and postsecondary instruction and performance expectations to
26 reduce the need for college remediation courses.
27 (8) Secure input from parents to foster broad ownership for school choice options
28 and to foster greater understanding of the need for continued education beyond
29 high school.
30 (9) Provide a description of the funds that will be used and a proposed budget for
31 ~~five years~~each of the grant years.
32 (10) Describe the source of matching funds required in subsection (d) of this
33 section.
34 (11) Establish a strategy to achieve meaningful analysis of program outcomes due
35 to the receipt of grant funds under this section.
- 36 (d) Matching Private and Local ~~Funds~~Funds for Innovation Grants. – All innovation
37 grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not
38 include other State funds. Matching funds may include in-kind contributions.
- 39 (e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission
40 may be spent over a five-year period from the initial award. Grants may be awarded for new or
41 existing projects. Grant funds shall not revert but shall be available until expended.
- 42 (f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of
43 each year, ~~a~~an innovation grant recipient shall submit to the Commission an annual report for
44 the preceding grant year that describes the academic progress made by the students and the
45 implementation of program initiatives.
- 46 **"§ 115C-64.17. The Career and Technical Education Grade Expansion Program Grants.**
47 (a) ~~Program Establishment~~CTE Grade Expansion Grants. – ~~There is established the~~
48 ~~Career and Technical Education Grade Expansion Program (Program) to expand Career and~~
49 ~~Technical Education Grade Expansion grants shall be awarded under the Program for the purpose~~
50 of expanding career and technical education (CTE) programs by prioritizing the inclusion of
51 students in sixth and seventh grade through grant awards provided to selected local school

1 administrative units and charter schools for up to seven years. ~~Funds appropriated for the~~
2 ~~Program Grant funds~~ shall be allocated to selected local school administrative units and charter
3 schools as competitive grants of (i) ~~up to seven hundred thousand dollars (\$700,000) for the~~
4 ~~2017-2018 fiscal year and (ii) grants,~~ to the extent funds are available, of up to one million dollars
5 (\$1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used
6 only for employing additional licensed personnel in career and technical education areas, career
7 development coordination areas, and support service areas necessary for expanding the CTE
8 program to sixth and seventh grade students. ~~The funds may be used for CTE programs at one or~~
9 ~~more schools in the local school administrative unit.~~ For a local school administrative unit, the
10 funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated
11 to the local school administrative unit or charter school each fiscal year ~~under the Program~~ shall
12 not revert but shall be available for the purpose of the grant program until expended.

13 (b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local
14 school administrative units and charter schools applying for ~~the Program~~ CTE grade expansion
15 grants shall submit an application that includes at least the following information:

- 16 (1) A plan for expansion of the CTE program to sixth and seventh grade students,
17 including the specific programs that will be expanded, the significance of CTE
18 in the local school administrative ~~unit,~~ unit or charter school, and how a grade
19 expansion would enhance the education program and the community.
- 20 (2) A request for the amount of funds, a description of how the funds will be used,
21 and any other sources of funds available to accomplish the purposes of this
22 program.
- 23 (3) A proposed budget for seven years that provides detail on the use of the
24 amount of funds to add personnel, increase career development efforts, and
25 provide support services.
- 26 (4) A strategy to achieve meaningful analysis of program outcomes due to the
27 receipt of grant funds under this section.

28 (c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year,
29 the Commission shall accept applications for a grant until November 30, 2017. For subsequent
30 fiscal years that funds are made available for the ~~Program~~ CTE grade expansion grants, the
31 Commission shall accept applications for a grant until August 1 of each year. The Commission
32 shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select
33 recipients in a manner that considers diversity among the pool of applicants, including geographic
34 location, location of industries in the area in which a local school administrative unit or charter
35 school is located, and the size of the student population served by the unit, or charter school, in
36 order to award funds to the extent possible to grant recipients that represent different regions and
37 characteristics of the State. The Commission shall recommend recipients of the grants to the State
38 Board of Education. The State Board, upon consultation with the Superintendent of Public
39 Instruction, shall approve the recipients of grant awards.

40 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the
41 Commission shall first allocate funds to applicants who received CTE grade expansion grant
42 funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year
43 grant recipients, any remaining funds may be used by the Commission to select new grant
44 ~~recipients.~~ recipients, as provided in G.S. 115C-64.16(a1). ~~The Commission, in consultation with~~
45 ~~the Superintendent of Public Instruction,~~ Commission shall establish rules regarding any
46 requirements for grant recipients to continue eligibility to receive funds each fiscal year,
47 including timely and accurate reporting as required under subsection (e) of this section.

48 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven years
49 after the initial grant award, a grant recipient shall submit to the Department of Public Instruction,
50 Local Planning Systems Regional Services staff within the Division of Career and Technical
51 Education, an annual report for the preceding year in which CTE grade expansion grant funds

1 were expended that provides at least the following information on the program for sixth and
2 seventh grade students:

- 3 (1) The use of grant funds, including the CTE programs and courses that have
4 been expanded in the local school administrative unit or charter school to
5 include sixth and seventh grade students.
- 6 (2) The number of students enrolled in CTE courses as part of the expansion.
- 7 (3) The number of students who subsequently enrolled in CTE courses in high
8 school.
- 9 (4) The number of students who subsequently participated in internships,
10 cooperative education, or apprenticeship programs.
- 11 (5) The number of students who subsequently earned (i) college credit and (ii)
12 approved industry certification and credentials.
- 13 (6) Any other information the Division of Career and Technical Education deems
14 necessary.

15 The Superintendent of Public Instruction shall provide a report to the Commission by October
16 15 of each year based on the information reported to the Local Planning Systems Regional
17 Services staff under this subsection, including how the grant recipients compare to CTE programs
18 statewide and whether the programs are aligned with the Master Plan for Career and Technical
19 Education adopted by the State Board."
20

21 STATE BOARD OF EDUCATION PROGRAM OUTCOME REPORTING

22 **SECTION 7.55.** G.S. 115C-12 is amended by adding a new subdivision to read:

23 "(25c) Reports on State-Funded Programs. – Beginning October 1, 2022, and
24 annually thereafter, the State Board of Education shall file a report with the
25 Senate Appropriations Committee on Education/Higher Education, the House
26 Appropriations Committee on Education, the Fiscal Research Division, and
27 the Joint Legislative Education Oversight Committee for all programs
28 administered through the State Board of Education and Department of Public
29 Instruction that were provided an expansion of State appropriations or a new
30 State appropriation in the Current Operations Appropriations Act from the
31 prior fiscal year, including grants to non-State entities as defined in
32 G.S. 143C-1-1. The report shall include information on program activities,
33 objectives, and accomplishments and prior year State fiscal year itemized
34 expenditures and fund sources. The State Board is not required to include
35 information in the report for programs with an existing reporting requirement
36 otherwise required by State law."
37

38 ADOPTION OF THE STANDARD COURSE OF STUDY/ADVISORY 39 COMMISSION/SBE RULEMAKING

40 **SECTION 7.56.(a)** G.S. 115C-12 reads as rewritten:

41 "**§ 115C-12. Powers and duties of the Board generally.**

42 The general supervision and administration of the free public school system shall be vested
43 in the State Board of Education. The State Board of Education shall establish all needed rules
44 and regulations for the system of free public schools, subject to laws enacted by the General
45 Assembly. Except as otherwise provided by law, the State Board of Education shall adopt any
46 rules, regulations, policies, standards, or statements of general applicability in accordance with
47 Chapter 150B of the General Statutes. Any such rules, regulations, policies, standards, or
48 statements of general applicability are not valid unless they are adopted in substantial compliance
49 with Chapter 150B of the General Statutes. In accordance with Sections 7 and 8 of Article III of
50 the North Carolina Constitution, the Superintendent of Public Instruction, as an elected officer
51 and Council of State member, shall administer all needed rules and regulations adopted by the

1 State Board of Education through the Department of Public Instruction. The powers and duties
 2 of the State Board of Education are defined as follows:

3 ...

4 (9c) Power to Develop Content Standards. – The Board shall adopt rules
 5 establishing the standard course of study, as provided in Part 1 of Article 8 of
 6 this Chapter, in accordance with Article 2A of Chapter 150B of the General
 7 Statutes.

8 a. ~~The Board shall develop a comprehensive plan to revise content~~
 9 ~~standards and the standard course of study in the core academic areas~~
 10 ~~of reading, writing, mathematics, science, history, geography, and~~
 11 ~~civics. The Board shall involve and survey a representative sample of~~
 12 ~~parents, teachers, and the public to help determine academic content~~
 13 ~~standard priorities and usefulness of the content standards. A full~~
 14 ~~review of available and relevant academic content standards that are~~
 15 ~~rigorous, specific, sequenced, clear, focused, and measurable,~~
 16 ~~whenever possible, shall be a part of the process of the development~~
 17 ~~of content standards. The revised content standards developed in the~~
 18 ~~core academic areas shall (i) reflect high expectations for students and~~
 19 ~~an in-depth mastery of the content; (ii) be clearly grounded in the~~
 20 ~~content of each academic area; (iii) be defined grade by grade and~~
 21 ~~course by course; (iv) be understandable to parents and teachers; (v)~~
 22 ~~be developed in full recognition of the time available to teach the core~~
 23 ~~academic areas at each grade level; and (vi) be measurable, whenever~~
 24 ~~possible, in a reliable, valid, and efficient manner for accountability~~
 25 ~~purposes.~~

26 b. ~~High school course content standards shall include the knowledge and~~
 27 ~~skills necessary to pursue further postsecondary education or to attain~~
 28 ~~employment in the 21st century economy. The high school course~~
 29 ~~content standards also shall be aligned with the minimum~~
 30 ~~undergraduate course requirements for admission to the constituent~~
 31 ~~institutions of The University of North Carolina.~~

32 e. ~~The Board also shall develop and implement an ongoing process to~~
 33 ~~align State programs and support materials with the revised academic~~
 34 ~~content standards for each core academic area on a regular basis.~~
 35 ~~Alignment shall include revising textbook criteria, support materials,~~
 36 ~~State tests, teacher and school administrator preparation, and ongoing~~
 37 ~~professional development programs to be compatible with content~~
 38 ~~standards. The Board shall develop and make available to teachers and~~
 39 ~~parents support materials, including teacher and parent guides, for~~
 40 ~~academic content standards. The State Board of Education shall work~~
 41 ~~in collaboration with the Board of Governors of The University of~~
 42 ~~North Carolina to ensure that teacher and school administrator degree~~
 43 ~~programs, ongoing professional development, and other university~~
 44 ~~activity in the State's public schools align with the State Board's~~
 45 ~~priorities.~~

46"

47 **SECTION 7.56.(b)** G.S. 115C-81.5 reads as rewritten:

48 **"§ 115C-81.5. Standard course of study.**

49 (a) All children can learn. It is the intent of the General Assembly that the mission of the
 50 public school community is to challenge with high expectations each child to learn, to achieve,
 51 and to fulfill his or her potential. With that mission as its guide, the State Board of Education

1 shall adopt a plan of education and rules establishing a standard course of study as provided in
2 ~~G.S. 115C-12(9e)~~ this Part for the public schools of the State. It is the intent of the General
3 Assembly that the focus of State educational funding shall be to ensure that each student receives
4 a sound basic education. It is further a goal of the General Assembly to provide supplemental
5 funds to low-wealth counties to allow those counties to enhance the instructional program and
6 student achievement. Instruction shall be offered in the areas of arts, communication skills,
7 physical education and personal health and safety, mathematics, media and computer skills,
8 science, second languages, social studies, and career and technical education. In addition,
9 instruction shall be offered in all of the areas provided in this Part.

10 (b) The standard course of study shall provide all of the following:

11 (1) A core curriculum of academic content standards for all students that takes
12 into account the special needs of children.

13"

14 **SECTION 7.56.(c)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
15 amended by adding a new section to read:

16 "**§ 115C-81.6. Standard Course of Study Advisory Commission.**

17 (a) There is established the Standard Course of Study Advisory Commission, hereinafter
18 referred to as the Commission. The purpose of the Commission is to involve stakeholders in
19 establishing the rules for the academic content standards of the standard course of study. The
20 Commission shall make recommendations regarding all aspects of the academic content
21 standards of the standard course of study.

22 (b) The Commission shall be located administratively in the Department of Public
23 Instruction but shall exercise all its powers and duties independently of the Department of Public
24 Instruction.

25 (c) The Commission shall consist of the following members:

26 (1) The General Assembly, upon the recommendation of the President Pro
27 Tempore of the Senate, shall appoint the following eight members:

28 a. One superintendent of a public school unit with a student population
29 greater than 20,000 at the time of appointment.

30 b. One principal of an elementary school.

31 c. One high school teacher.

32 d. One elementary school teacher.

33 e. One parent of a student in middle or high school enrolled in a public
34 school unit at the time of appointment.

35 f. One curriculum specialist from a public school unit with a student
36 population of 20,000 or less at the time of appointment.

37 g. One member of the business community.

38 h. One at-large member.

39 (2) The General Assembly, upon the recommendation of the Speaker of the House
40 of Representatives, shall appoint the following eight members:

41 a. One superintendent of a public school unit with a student population
42 of 20,000 or less at the time of appointment.

43 b. One principal of a high school.

44 c. One principal of a middle school.

45 d. One middle school teacher.

46 e. One parent of a student in elementary school enrolled in a public
47 school unit at the time of appointment.

48 f. One curriculum specialist from a public school unit with a student
49 population of more than 20,000 at the time of appointment.

50 g. One member of the business community.

51 h. One at-large member.

- 1 (3) The Superintendent of Public Instruction or his or her designee.
2 (4) The President of the North Carolina Community College System, or the
3 President's designee, as a nonvoting member.
4 (5) The President of The University of North Carolina, or the President's
5 designee, as a nonvoting member.
6 (6) The President of the North Carolina Chamber, or the President's designee, as
7 a nonvoting member.

8 (d) In making appointments to the Commission, the General Assembly is encouraged to
9 select qualified citizens who are committed to improving the standard course of study and student
10 achievement and who represent the racial, geographic, and gender diversity of the State.
11 Vacancies in the membership shall be filled by the General Assembly, as provided in
12 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

13 (e) Members of the Commission shall serve four-year terms of office beginning on July
14 1. No appointed member shall serve more than eight consecutive years. Vacancy appointments
15 shall be made for the remainder of the term of office by the General Assembly, as provided in
16 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

17 (f) The Commission shall elect a chair, a vice-chair, and a secretary from among its
18 membership. In the absence of the chair, the vice-chair shall preside over the Commission's
19 meetings. All members are voting members, and a majority of the Commission constitutes a
20 quorum. The Commission shall adopt rules to govern its proceedings.

21 (g) Meetings of the Commission shall be held upon the call of the chair or the vice-chair
22 in the absence of the chair. The Superintendent shall call the initial meeting of the Commission.

23 (h) Members of the Commission shall receive compensation for their services and
24 reimbursement for expenses incurred in the performance of their duties required by this Article
25 at the rate prescribed in G.S. 138-5 and G.S. 138-6.

26 (i) The Superintendent of Public Instruction shall assign staff to assist the Commission's
27 work. The Commission may contract with content area experts to assist in its deliberations from
28 funds available.

29 (j) The Commission shall:

- 30 (1) Develop and recommend to the State Board of Education the rules for the
31 academic content standards of the standard course of study in accordance with
32 G.S. 115C-81.7.
33 (2) Develop optional support materials, including teacher and parent guides, for
34 academic content standards that can be made available to teachers and parents
35 upon approval by the State Board.
36 (3) Provide recommendations as requested to the State Board of Education related
37 to alignment of State programs and support materials with the revised
38 academic content standards for each core academic area, including revising
39 instructional materials criteria, optional support materials, State tests, teacher
40 and school administrator preparation, and ongoing professional development
41 programs to be compatible with content standards.

42 (k) The Commission shall submit its recommendations under subsection (j) of this section
43 to the State Board, including the recommended rules for the academic content standards of the
44 standard course of study under subdivision (1) of subsection (j) of this section. The State Board
45 shall submit the proposed text of the recommended rules for publication as notice of text in the
46 North Carolina Register. The State Board shall adopt or reject the rules recommended under
47 subdivision (1) of subsection (j) of this section following acceptance of comments and any
48 required public hearing and shall adopt or reject all other recommendations under subdivisions
49 (2) and (3) of subsection (j) of this section. The State Board shall not make any substantive
50 changes to any recommendations of the Commission that it adopts. If the State Board rejects the
51 recommendations, it shall state with specificity its reasons for rejection; the Commission may

1 then amend the recommendation and resubmit it to the State Board. The Board shall adopt or
2 reject the amended recommendation. If the State Board fails to adopt the Commission's original
3 and amended recommendations, the State Board may develop and adopt its own rules for the
4 academic content standards of the standard course of study.

5 (l) The Commission shall submit a report by December 1, 2022, and annually thereafter,
6 to the Joint Legislative Education Oversight Committee and the State Board of Education of its
7 activities during the preceding year, together with any recommendations and findings regarding
8 the process for revisions to the standard course of study."

9 **SECTION 7.56.(d)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
10 amended by adding a new section to read:

11 **"§ 115C-81.7. Development of academic content standards for the standard course of study.**

12 (a) The State Board shall develop a comprehensive plan to revise, on a regular basis,
13 academic content standards for the standard course of study in the core academic areas of reading,
14 writing, mathematics, science, history, geography, and civics that clearly designates by year the
15 subjects for review by the Commission. The State Board shall provide this plan to the
16 Commission. The Commission shall review the designated subjects and standard course of study
17 in accordance with the plan developed by the State Board.

18 (b) The Commission shall involve and survey a representative sample of parents,
19 teachers, and the public to help determine academic content standard priorities and usefulness of
20 the academic content standards. A full review of available and relevant academic content
21 standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever
22 possible, shall be a part of the process of the development of academic content standards. The
23 revised academic content standards developed in the core academic areas shall do all of the
24 following:

- 25 (1) Reflect high expectations for students and an in-depth mastery of the academic
26 content.
- 27 (2) Be clearly grounded in the content of each academic content area.
- 28 (3) Be defined grade-by-grade and course-by-course.
- 29 (4) Be understandable to parents and teachers.
- 30 (5) Be developed in full recognition of the time available to teach the core
31 academic areas at each grade level.
- 32 (6) Be measurable, whenever possible, in a reliable, valid, and efficient manner
33 for accountability purposes.

34 (c) High school course academic content standards shall include the knowledge and skills
35 necessary to pursue further postsecondary education or to attain employment in the twenty-first
36 century economy. The high school course academic content standards also shall be aligned with
37 the minimum undergraduate course requirements for admission to the constituent institutions of
38 The University of North Carolina.

39 (d) The Board, in consultation with the Commission, also shall develop and implement
40 an ongoing process to align State programs and support materials with the revised academic
41 content standards for each core academic area on a regular basis. Alignment shall include revising
42 instructional materials criteria, support materials, State tests, teacher and school administrator
43 preparation, and ongoing professional development programs to be compatible with academic
44 content standards.

45 (e) The State Board shall work in collaboration with the Board of Governors of The
46 University of North Carolina to ensure that teacher and school administrator degree programs,
47 ongoing professional development, and other university activity in the State's public schools align
48 with the State Board's priorities."

49 **SECTION 7.56.(e)** Initial appointments to the Standard Course of Study Advisory
50 Commission shall be made by the General Assembly for terms beginning September 1, 2021,
51 and shall be appointed as follows:

- 1 (1) Notwithstanding G.S. 115C-81.6, as enacted by this act, members appointed
2 pursuant to G.S. 115C-81.6(c)(1)a., c., e., and g. and G.S. 115C-81.6(c)(2)b.,
3 d., f., and h. shall be appointed for two-year terms.
4 (2) Members appointed pursuant to G.S. 115C-81.6(c)(1)b., d., f., and h. and
5 G.S. 115C-81.6(c)(2)a., c., e., and g. shall be appointed for four-year terms.

6 **SECTION 7.56.(f)** Notwithstanding G.S. 150B-21.2, the current standards that make
7 up the standard course of study adopted pursuant to G.S. 115C-12(9c) and Part 1 of Article 8 of
8 Chapter 115C of the General Statutes, which are subject to rulemaking as provided in Chapter
9 150B of the General Statutes, shall be deemed permanent rules so long as they meet the following
10 criteria:

- 11 (1) The standards were adopted by the State Board of Education prior to January
12 1, 2021.
13 (2) The State Board of Education submits the standards to the Codifier of Rules
14 in accordance with the requirements in 26 NCAC 02C no later than 60 days
15 after this section becomes effective.

16 Permanent rules submitted in accordance with this subsection shall be effective on
17 the date they are submitted to the Codifier of Rules.

18 **SECTION 7.56.(g)** When the Codifier of Rules enters the permanent rules submitted
19 pursuant to subsection (f) of this section into the North Carolina Administrative Code, the
20 Codifier shall publish notice of the permanent rules on the internet.

21 **SECTION 7.56.(h)** Any standards that make up the standard course of study that do
22 not meet the criteria of subsection (f) of this section shall not be deemed permanent rules and
23 shall be subject to the requirements of subsections (a) through (d) of this section and the
24 provisions of Chapter 150B of the General Statutes. Except as provided in subsection (i) of this
25 section, the standard course of study shall continue to be revised on the time line provided in the
26 comprehensive plan developed by the State Board of Education under G.S. 115C-81.7, as enacted
27 by this act, and in accordance with the rulemaking process under Chapter 150B of the General
28 Statutes.

29 **SECTION 7.56.(i)** Notwithstanding G.S. 115C-81.7(a), the Standard Course of
30 Study Advisory Commission shall review the social studies standard course of study during the
31 2021-2022 school year and provide recommendations to the State Board of Education no later
32 than July 1, 2022.

33 **SECTION 7.56.(j)** Notwithstanding S.L. 2019-82, to provide additional time for the
34 development of content and to ensure sufficient professional development opportunities delayed
35 due to COVID-19, the following social studies standard course of study changes shall apply:

- 36 (1) The course requirements of G.S. 115C-81.45(d), Founding Principles of the
37 United States of America and North Carolina: Civic Literacy, shall apply to
38 all students entering the ninth grade in the 2023-2024 school year.
39 (2) The course requirements of G.S. 115C-81.65, Economics and Personal
40 Finance, shall apply to all students entering the ninth grade in the 2023-2024
41 school year.
42 (3) All other revisions to the social studies standard course of study shall not be
43 implemented prior to the 2023-2024 school year.

44 **SECTION 7.56.(k)** This section is effective the date this act becomes law and applies
45 to all standard courses of study implemented on or after that date.
46

47 CHANGES TO EDUCATOR LICENSURE REQUIREMENTS

48 **SECTION 7.57.(a)** Lifetime Licensure for Professional Educators. –
49 G.S. 115C-270.20 reads as rewritten:
50 "§ 115C-270.20. Licensure requirements.

1 (a) Teacher Licenses. – The State Board shall adopt rules for the issuance of the following
 2 classes of teacher licenses, including required levels of preparation for each classification:

3 ...

4 (4) ~~Lifetime license.— A license issued to a teacher after 30 or more years of~~
 5 ~~teaching as a licensed teacher that requires no renewal. For the purposes of~~
 6 ~~this subdivision, a teacher shall be determined to have completed 30 or more~~
 7 ~~years of teaching as a licensed teacher when the teacher holds a current North~~
 8 ~~Carolina teaching license and has completed 30 or more years of creditable~~
 9 ~~service with the Teachers' and State Employees' Retirement System.~~

10 ...

11 (d) Lifetime License for Professional Educators. – The State Board of Education shall
 12 issue a lifetime license, which shall require no renewal, to an individual currently licensed as a
 13 professional educator who has met at least one of the following criteria:

14 (1) Completed 30 or more years of creditable service with the Teachers' and State
 15 Employees' Retirement System.

16 (2) Completed a combined total of 30 or more years of employment as a licensed
 17 teacher, administrator, or student services personnel in one or more public
 18 school units in North Carolina."

19 **SECTION 7.57.(b)** Clarify Residency License Requirements. –
 20 G.S. 115C-270.20(a)(5) reads as rewritten:

21 "(5) Residency License or RL. – A one-year license, renewable twice, that meets
 22 both of the following requirements:

23 a. Is requested by the local board of education and accompanied by a
 24 certification of supervision from the recognized educator preparation
 25 program in which the individual is enrolled.

26 b. The individual for whom the license is requested meets all of the
 27 following requirements:

28 1. ~~Holds a bachelor's degree at least one of the following:~~

29 I. A bachelor's degree.

30 II. An advanced degree.

31 2. Has either completed coursework relevant to the requested
 32 licensure area or passed the content area examination relevant
 33 to the requested licensure area that has been approved by the
 34 State Board.

35 3. Is enrolled in a recognized educator preparation program.

36 4. Meets all other requirements established by the State Board,
 37 including completing preservice requirements prior to
 38 teaching."

39 **SECTION 7.57.(c)** Extension for Exam and Coursework Requirements. –
 40 Notwithstanding G.S. 115C-270.15 and G.S. 115C-270.20, applicants for a continuing
 41 professional license holding a current initial professional license, residency license, lateral entry
 42 license, or limited license expiring June 30, 2021, who have not met the examination or
 43 coursework requirements established by the State Board as of June 30, 2021, shall be provided
 44 an extension until December 31, 2021.

45 **SECTION 7.57.(d)** This section is effective the date this act becomes law.

47 **DELAY THE IMPLEMENTATION OF CLASS SIZE REQUIREMENTS FOR**
 48 **KINDERGARTEN CLASSES**

49 **SECTION 7.58.** Notwithstanding G.S. 115C-301, Section 2(d) of S.L. 2018-2, and
 50 any other provision of law, for the 2021-2022 school year only, if the total kindergarten average
 51 daily membership for the first month of the 2021-2022 school year for a local school

1 administrative unit is five percent (5%) or more than the total kindergarten average daily
 2 membership for the first month of the 2019-2020 school year for that unit, the following shall
 3 apply:

- 4 (1) The average class size for kindergarten in that unit shall not exceed one
 5 teacher per 20 students.
- 6 (2) At the end of the second school month and for the remainder of the school
 7 year, the size of an individual class in kindergarten in that unit shall not exceed
 8 one teacher per 23 students.

10 CLARIFY THE DEFINITION OF YEAR-ROUND SCHOOL

11 **SECTION 7.59.(a)** G.S. 115C-84.2(f)(5) reads as rewritten:

12 "(5) Year-round school. – A school with a single- or multi-track instructional
 13 calendar to provide instructional days throughout the entire school calendar
 14 year, beginning July 1 and ending June 30, by utilizing at least one of the
 15 following plans:

- 16 a. A plan dividing students into four groups and requiring each group to
 17 be in school for assigned and staggered quarters each school calendar
 18 year.
- 19 b. A plan providing students be scheduled to attend 45-four quarters of
 20 between 43 and 47 instructional days followed by 15 days of vacation,
 21 repeated throughout the each school calendar year-year, with vacation
 22 periods for students of between 14 and 18 days separating each
 23 quarter.
- 24 c. A plan dividing the school calendar year into five nine-week sessions
 25 of classes and requiring each student to attend four assigned and
 26 staggered sessions out of the five nine-week sessions to complete the
 27 student's instructional year.
- 28 d. In a local school administrative unit with both single- and multi-track
 29 instructional calendars, a plan for a single-track instructional calendar
 30 that is identical to at least one track of a multi-track instructional
 31 calendar adopted by the local board that meets the requirements of
 32 either sub-subdivision a. or sub-subdivision c. of this subdivision."

33 **SECTION 7.59.(b)** This section is effective the date this act becomes law and applies
 34 beginning with the 2021-2022 school year.

36 SCHOOL PERFORMANCE GRADES/ANNUAL REPORT CARDS

37 **SECTION 7.60.(a)** Display of School Performance Grades. – Notwithstanding
 38 G.S. 115C-12(9)c1. and G.S. 115C-83.15, the State Board of Education shall not calculate
 39 achievement, growth, and performance scores nor display performance scores, growth
 40 designations, and letter grades for schools for the 2021-2022 school year, based on data from the
 41 2020-2021 school year, but shall display a brief explanation that achievement, growth, and
 42 performance scores and letter grades were not calculated and assigned for the 2021-2022 school
 43 year because assessment data was heavily impacted by COVID-19 during the 2020-2021 school
 44 year.

45 **SECTION 7.60.(b)** Annual Report Cards. – Notwithstanding G.S. 115C-12(9)c1.
 46 and Part 1B of Article 8 of Chapter 115C of the General Statutes, the State Board of Education
 47 shall issue an annual report card for public school units for the 2021-2022 school year, based on
 48 data from the 2020-2021 school year, that only meets the minimum accountability, school
 49 identification, and related reporting requirements of the Elementary and Secondary Education
 50 Act of 1965 (ESEA), as amended, required under the federal waiver granted by the United States

1 Department of Education to the State of North Carolina for the 2020-2021 school year, dated
2 March 26, 2021.

3 **SECTION 7.60.(c)** Notwithstanding G.S. 115C-47(58), 115C-75.8(d)(7),
4 115C-218.65, 115C-238.66(11), 116-239.8(b)(14), and subdivision 6(d)(2) of S.L. 2018-32, for
5 the 2021-2022 school year, based on data from the 2020-2021 school year, public school units
6 shall only be required to display the annual report card information issued by the State Board of
7 Education pursuant to this Part.

8 9 **STUDENT DIGITAL LEARNING ACCESS**

10 **SECTION 7.61.(a)** Part 3A of Article 8 of Chapter 115C of the General Statutes is
11 amended by adding a new section to read:

12 **"§ 115C-102.9. Digital learning dashboard.**

13 (a) The State Board of Education shall establish and maintain an electronic dashboard to
14 publicly display information related to digital learning. The State Board shall include in the
15 dashboard, at a minimum, the following categories of information to be reported:

16 (1) In-school digital device access, including the following information
17 disaggregated by public school unit, school, and grade level:

18 a. Number and percentage of students with access to digital devices
19 within the school.

20 b. Source of digital devices, such as the public school unit or the student's
21 home.

22 c. Type of device.

23 (2) Out-of-school digital device access, including the following information
24 disaggregated by public school unit, school, and grade level:

25 a. Number and percentage of students with access to digital devices
26 outside of the school.

27 b. Source of digital devices, such as the public school unit, the student's
28 home, or both.

29 c. Type of device.

30 d. For homes with no devices, reason for lack of devices.

31 (3) Out-of-school internet connectivity, including the following information
32 disaggregated by public school unit, school, and grade level:

33 a. Number and percentage of students with internet connectivity outside
34 of the school available by the following categories:

35 1. Students with connectivity at home.

36 2. Students without connectivity at home but who have regular
37 and reliable access to other sources of connectivity.

38 b. For students without home connectivity, primary source for internet
39 connectivity outside of the school.

40 c. Type of connectivity, such as broadband, satellite, or dial-up.

41 d. For homes with no connectivity, reason for lack of connectivity.

42 (b) Each public school unit shall annually submit all categories of information included
43 in the digital learning dashboard no later than November 15. For subdivisions (2) and (3) of
44 subsection (a) of this section, residential schools shall report on access and connectivity
45 separately for the dormitories and the student's home.

46 (c) The State Board of Education shall annually report to the Joint Legislative Education
47 Oversight Committee by February 15 on statewide trends reflected in the digital learning
48 dashboard, successes and continued challenges in ensuring all students have digital learning
49 access both in and out of school, and recommendations on ways to continue to close the digital
50 learning accessibility gap."

51 **SECTION 7.61.(b)** G.S. 115C-75.9 is amended by adding a new subsection to read:

1 **"§ 115C-150.11. State Board of Education as governing ~~agency~~agency over the Governor**
2 **Morehead School.**

3 The State Board of Education shall be the sole governing agency for the Governor Morehead
4 School for the ~~Blind, the Eastern North Carolina School for the Deaf, and the North Carolina~~
5 ~~School for the Deaf.~~ Blind. The Superintendent of Public Instruction through the Department of
6 Public Instruction shall be responsible for the administration, including appointment of staff, and
7 oversight of ~~a school governed by this Article,~~ the Governor Morehead School for the Blind.

8 **"§ 115C-150.12. Applicability of Chapter.**

9 Except as otherwise provided, the requirements of this Chapter shall apply to the ~~schools~~
10 ~~governed by this Article.~~ Governor Morehead School for the Blind.

11 **"§ 115C-150.13. ~~Rule making.~~Rules and admission criteria.**

12 (a) The State Board of Education shall adopt rules necessary for the Department of Public
13 Instruction to implement this ~~Article,~~ Article for the Governor Morehead School for the Blind,
14 including, at a minimum, rules to address eligibility for admission criteria. In determining rules
15 for admission criteria, the State Board of Education shall take into account the following factors:

- 16 (1) State and federal laws.
- 17 (2) Optimal academic and communicative outcomes for the child.
- 18 (3) Parental input and choice.
- 19 (4) Recommendations in a child's Individualized Education Program (IEP).

20 (b) Rules for the Governor Morehead School for the Blind shall be adopted in accordance
21 with Chapter 150B of the General Statutes.

22 **"§ 115C-150.14. Tuition and room and board.**

23 (a) Only children who are residents of North Carolina are entitled to free tuition and room
24 and board at ~~a school governed by this Article,~~ the Governor Morehead School for the Blind.

25 (b) ~~A school governed by this Article.~~ The Governor Morehead School for the Blind may
26 enroll a foreign exchange student and shall charge the student the full, unsubsidized per capita
27 cost of providing education at the school for the period of the student's attendance. ~~A school that~~
28 ~~seeks to enroll foreign exchange students under this section.~~ The School shall submit a plan prior
29 to enrolling any of those students to the State Board of Education for approval, including the
30 proposed costs to be charged to the students for attendance and information on compliance with
31 federal law requirements. For the purposes of this section, a foreign exchange student is a student
32 who is domiciled in a foreign country and has come to the United States on a valid, eligible
33 student visa.

34 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have
35 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C.
36 § 1101(a)(15)(F) may only be enrolled in ~~a school governed by this Article,~~ the School in grades
37 nine through 12 for a maximum of 12 months at the ~~school.~~ School.

38 **"§ 115C-150.15. ~~Reporting to residential schools on deaf and~~ the Governor Morehead**
39 **School for the Blind on blind children.**

40 (a) Request for Consent. – Local superintendents shall require that the following request
41 for written consent be presented to parents, guardians, or custodians of any ~~hearing impaired or~~
42 ~~visually impaired children~~ no later than October 1 of each school year: "North Carolina provides
43 ~~three a~~ public residential ~~schools~~ school serving visually ~~and hearing~~ impaired students: the
44 Governor Morehead School for the ~~Blind, the Eastern North Carolina School for the Deaf, and~~
45 ~~the North Carolina School for the Deaf.~~ Blind. Do you consent to the release of your contact
46 information and information regarding your child and his or her visual impairment to ~~these~~
47 ~~schools~~ this school so that you can receive more information on services offered by ~~these~~
48 ~~campuses?~~ that campus?"

49 (b) Annual Report to ~~Residential Schools,~~ the Governor Morehead School for the Blind.
50 – Local superintendents shall report by November 30 each year the names and addresses of
51 parents, guardians, or custodians of any ~~hearing impaired or~~ visually impaired children who have

1 given written consent to the directors of the Governor Morehead School for the ~~Blind, the Eastern~~
2 ~~North Carolina School for the Deaf, and the North Carolina School for the Deaf. Blind.~~ The
3 report shall include ~~the type of disability of each child, including whether the hearing and~~ visual
4 impairments range from partial to total disability, and if the child has multiple disabilities with
5 the visual ~~or hearing~~ impairment not identified as the primary disability of the student. The report
6 shall also be made to the Department of Public Instruction.

7 (c) Confidentiality of Records. – The directors of the Governor Morehead School for the
8 ~~Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the~~
9 ~~Deaf-Blind~~ shall treat any information reported to the ~~schools-School~~ by a local superintendent
10 under subsection (b) of this section as confidential, except that a director or the director's designee
11 may contact the parents, guardians, or custodians of any ~~hearing-impaired or~~ visually impaired
12 children whose information was included in the report. The information shall not be considered
13 a public record under G.S. 132-1.

14 "Part 2. Schools for Deaf and Hard of Hearing Students.

15 **"§ 115C-150.30. Definitions.**

16 The following definitions apply in this Part:

- 17 (1) Educational program. – The placement, services, and individualized
18 instruction provided to a student to address the student's educational strengths,
19 weaknesses, and objectives as part of the day program of a school for the deaf.
- 20 (2) ENCSD. – The Eastern North Carolina School for the Deaf.
- 21 (3) IEP. – An individualized education program, as defined in G.S. 115C-106.3.
- 22 (4) NCSD. – North Carolina School for the Deaf.
- 23 (5) Parent. – A student's parent or legal guardian.
- 24 (6) School for the deaf. – A school for students who are deaf or hard of hearing
25 located at either the Eastern North Carolina School for the Deaf or the North
26 Carolina School for the Deaf.

27 **"§ 115C-150.31. General supervision over schools for the deaf.**

28 (a) State Board of Education Supervision. – The State Board of Education shall have
29 general supervision over schools for the deaf in accordance with G.S. 115C-12 and shall establish
30 approximately equivalent service areas for each school that cover the entire State. In establishing
31 the service area for each school, the State Board shall consider both the geographic proximity to
32 the school for the deaf and the population of the service area. The State Board shall evaluate the
33 effectiveness of the schools for the deaf and shall, through the application of the accountability
34 system developed under G.S. 115C-83.15 and G.S. 115C-105.35, measure the educational
35 performance and growth of students placed in schools for the deaf. If appropriate, the Board may
36 modify this system to adapt to the specific characteristics of these schools. The board of trustees
37 for a school for the deaf shall be subject to rules adopted by the State Board of Education in
38 accordance with Chapter 150B of the General Statutes.

39 (b) Independent Operation. – Except as otherwise provided for in this Part, the schools
40 for the deaf shall be housed administratively within the Department of Public Instruction, but
41 each school for the deaf shall operate independently with a board of trustees as the governing
42 body. The Department of Public Instruction shall include schools for the deaf employees in
43 coverage for professional liability policies purchased by the Department for its employees and
44 shall facilitate the purchase of other insurance policies for schools for the deaf.

45 **"§ 115C-150.32. Board of trustees for each school for the deaf.**

46 (a) Appointment. – Each school for the deaf shall be governed by a separate board of
47 trustees. There shall be five voting members for each board of trustees to be appointed as follows:

- 48 (1) Two members appointed by the General Assembly upon the recommendation
49 of the Speaker of the House of Representatives.
- 50 (2) Two members appointed by the General Assembly upon the recommendation
51 of the President Pro Tempore of the Senate.

1 (3) One member appointed by the Governor.

2 (b) Ex Officio, Nonvoting Members. – The President of the Eastern North Carolina
3 School for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex
4 officio member of the ENCSD Board of Trustees. The President of the North Carolina School
5 for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex officio
6 member of the NCSA Board of Trustees.

7 (c) Terms of Members. – Members shall be appointed for six-year terms. Terms shall
8 commence July 1. Members shall serve until their successors are appointed and qualified. All
9 vacancies shall be filled by the appointing authority for the vacating member for the remainder
10 of the unexpired term. Vacancies of members appointed by the General Assembly shall be filled
11 as provided in G.S. 120-122.

12 (d) Declarations of Vacancies. – Whenever an appointed member of a board of trustees
13 shall fail, for any reason other than ill health or service in the interest of the State or nation, to be
14 present at three successive regular meetings of the board, his or her place as a member of the
15 board shall be deemed vacant.

16 (e) Chair; Vice-Chair. – A board of trustees shall elect one of its members as chair and
17 one of its members as vice-chair, each for a two-year term, at the first meeting occurring after
18 July 1 in even-numbered years.

19 (f) Meetings. – A board of trustees shall meet at least four times a year and also at such
20 other times as it may deem necessary. A majority of the Board shall constitute a quorum for the
21 transaction of business. All meetings shall be subject to Article 33C of Chapter 143 of the General
22 Statutes. The members shall receive per diem compensation and necessary travel and subsistence
23 expenses while engaged in the discharge of their official duties in accordance with the provisions
24 of G.S. 138-5.

25 (g) Procedures. – A board of trustees shall determine its own rules of procedure and may
26 delegate to committees that it creates any powers it deems appropriate.

27 (h) Code of Ethics. – A board of trustees shall adopt a resolution or policy containing a
28 code of ethics, as required by G.S. 160A-86.

29 **"§ 115C-150.33. Employees of schools for the deaf.**

30 (a) Director. – Each board of trustees of the ENCSD and NCSA, respectively, shall
31 appoint a director for the school who shall act as secretary to the board of trustees in accordance
32 with G.S. 115C-150.32 and shall manage day-to-day operations of the school and other duties as
33 prescribed by the board of trustees. For purposes of application to other statutes in this Chapter,
34 the director shall be the equivalent of a superintendent of schools and shall fulfill the duties of a
35 superintendent as provided in Article 18 of this Chapter.

36 (b) Director Duties. – The director shall recommend school personnel to the board of
37 trustees. The director shall supervise the administrative staff of the school, including the
38 principal, director of human resources, and director of business and finance.

39 (c) Personnel Criteria. – The board of trustees shall employ and provide salary and
40 benefits for a principal, teachers, and other employees in accordance with Article 19, Article 20,
41 Article 21, Article 21A, Article 22, and Article 23 of this Chapter. An employee hired by the
42 board of trustees shall be responsible for fulfilling the duties of that employee's position as
43 required by those Articles. All employees of a school for the deaf are employees of the State.

44 (d) Personnel Pay. – School for the deaf personnel, including teachers, instructional
45 support personnel, and other employees, shall be paid, at a minimum, in accordance with the
46 appropriate State salary schedule for local school administrative unit personnel. School for the
47 deaf personnel shall be eligible for all bonuses paid to local school administrative unit personnel
48 to the extent that the school for the deaf personnel meet all qualifications other than the employer.

49 **"§ 115C-150.34. Powers and duties.**

1 A board of trustees shall adopt rules necessary for the administration of the school for the
2 deaf to implement the requirements of this Part. Each board of trustees shall have the following
3 powers and duties:

- 4 (1) Sound basic education. – It shall be the duty of the board of trustees to provide
5 admitted students with the opportunity to receive a sound basic education in
6 grades kindergarten through 12 and to make all policy decisions with that
7 objective in mind, including employment decisions, budget development, and
8 other administrative actions, as directed by law. The board of trustees shall
9 comply with the requirements of Part 1 of Article 8 and Article 10A of this
10 Chapter.
- 11 (2) Exercise judicial functions. – The board of trustees may employ or contract
12 with private counsel to provide advice and representation for the schools for
13 the deaf. The board may institute all actions, suits, or proceedings against
14 officers, persons, or corporations, or their sureties, for the recovery,
15 preservation, and application of all money or property which may be due to or
16 should be applied to the support and maintenance of the school for the deaf.
17 In all actions brought in any court against a board of trustees, the order or
18 action of the board shall be presumed to be correct and the burden of proof
19 shall be on the complaining party to show the contrary. G.S. 114-2.3 and
20 G.S. 147-17 shall not apply to the schools for the deaf. The Attorney General
21 shall provide representation to the board of trustees of a school for the deaf
22 upon the request of that board.
- 23 (3) Academic program. – The board of trustees shall adopt rules governing class
24 size, the instructional calendar, the length of the instructional day, and the
25 number of instructional days in each term. The board of trustees shall adopt a
26 school calendar consisting of a minimum of 185 days or 1,025 hours of
27 instruction covering at least nine calendar months.
- 28 (4) School report cards. – A school for the deaf shall ensure that the report card
29 issued for it by the State Board of Education is provided to the public.
30 Beginning with the 2026-2027 school year, a school for the deaf shall ensure
31 that the measures for educational performance and growth for the current and
32 previous four school years are prominently displayed on the school website.
- 33 (5) Standards of performance and conduct. – The board of directors shall establish
34 policies and standards for academic performance, attendance, and conduct for
35 students of the school for the deaf. The policies of the board of trustees shall
36 comply with Article 27 of this Chapter.
- 37 (6) School attendance. – Every parent, guardian, or other person in this State
38 having charge or control of a child who is enrolled in the school for the deaf
39 and who is less than 16 years of age shall cause such child to attend school
40 continuously for a period equal to the time that the school for the deaf shall be
41 in session. No person shall encourage, entice, or counsel any child to be
42 unlawfully absent from the school for the deaf. Any person who aids or abets
43 a student's unlawful absence from the school for the deaf shall, upon
44 conviction, be guilty of a Class 1 misdemeanor. The principal shall be
45 responsible for implementing such additional policies concerning compulsory
46 attendance as shall be adopted by the board of trustees, including regulations
47 concerning lawful and unlawful absences, permissible excuses for temporary
48 absences, maintenance of attendance records, and attendance counseling.
- 49 (7) Uniform Education Reporting System. – The board of trustees shall comply
50 with the reporting requirements established by the State Board of Education
51 in the Uniform Education Reporting System.

- 1 (8) Education of children with disabilities. – The board of trustees shall require
2 compliance with federal and State laws and policies relating to the education
3 of children with disabilities for all students admitted to the schools for the
4 deaf. An IEP shall be developed by the school for the deaf for all newly
5 admitted students granted an educational program assignment.
- 6 (9) Extracurricular activities. – The board of trustees shall make all rules
7 necessary for the conducting of extracurricular activities, including a program
8 of athletics, where desired, without assuming liability therefor; provided, that
9 all interscholastic athletic activities shall be conducted in accordance with
10 rules and regulations prescribed by the State Board of Education.
- 11 (10) Fees, charges, and solicitations. – The board of trustees shall adopt rules
12 governing solicitations of, sales to, and fundraising activities conducted by the
13 students and faculty members in the school, and no fees, charges, or costs shall
14 be collected from students and school personnel without approval of the board
15 of trustees as recorded in the minutes of said board; provided, this subdivision
16 shall not apply to such textbooks fees as are determined and established by the
17 State Board of Education. The board of trustees shall publish a schedule of
18 approved fees, charges, and solicitations on the school's website by October
19 15 of each school year and, if the schedule is subsequently revised, within 30
20 days following the revision.
- 21 (11) Federal or private funds. – The board of trustees shall have power and
22 authority to accept, receive, and administer any funds or financial assistance
23 given, granted, or provided under the provisions of the Elementary and
24 Secondary Education Act of 1965 (Public Law 89-10, 89th Congress, HR
25 2362) and under the provisions of the Economic Opportunity Act of 1964
26 (Public Law 88-452, 88th Congress, S. 2642), or other federal acts or funds
27 from foundations or private sources, and to comply with all conditions and
28 requirements necessary for the receipt, acceptance, and use of said funds. In
29 the administration of such funds, the board of trustees shall have authority to
30 enter into contracts with and to cooperate with and to carry out projects with
31 nonpublic elementary and secondary schools, community groups, and
32 nonprofit corporations and to enter into joint agreements for these purposes
33 with other governing boards of public school units. The board of trustees shall
34 furnish such information as shall be requested by the State Board of
35 Education, from time to time, relating to any programs related or conducted
36 pursuant to this subdivision.
- 37 (12) Educational research. – The board of trustees is authorized to sponsor or
38 conduct educational research and special projects approved by the Department
39 of Public Instruction and the State Board of Education that may improve the
40 school for the deaf. Such research or projects may be conducted during the
41 summer months and the board may use any available funds for such purposes.
- 42 (13) Anti-nepotism policies. – The board of trustees shall adopt rules requiring that
43 before any immediate family, as defined in G.S. 115C-12.2, of any board of
44 trustees' member or administrator, including directors, supervisors,
45 specialists, staff officers, or principals, shall be employed or engaged as an
46 employee, independent contractor, or otherwise by the board of trustees in any
47 capacity, such proposed employment or engagement shall be (i) disclosed to
48 the board of trustees and (ii) approved by the board of trustees in a duly called
49 open-session meeting. The burden of disclosure of such a conflict of interest
50 shall be on the applicable board member or administrator.

- 1 (14) Conduct and duties of personnel. – The board of trustees, upon the
2 recommendation of the director, shall have full power to make rules governing
3 the conduct of teachers, principals, and supervisors, the kind of reports they
4 shall make, and their duties in the care of school property. Prior to the
5 beginning of each school year, the board of trustees shall identify all reports
6 that are required for the school year and shall, to the maximum extent possible,
7 eliminate any duplicate or obsolete reporting requirements and consolidate
8 remaining reporting requirements. Prior to the beginning of each school year,
9 the board of trustees shall also identify software protocols that could be used
10 to minimize repetitious data entry and shall make them available to teachers
11 and other employees.
- 12 (15) Health and safety. – The board of trustees shall require that the school for the
13 deaf meet the same health and safety standards required of a local school
14 administrative unit. The board shall comply with the requirements of Article
15 25A of this Chapter, including the following:
- 16 a. The board shall ensure that the school for the deaf provides parents
17 and guardians with information about cervical cancer, cervical
18 dysplasia, human papillomavirus, and the vaccines available to
19 prevent these diseases. This information shall be provided at the
20 beginning of the school year to parents of children entering grades five
21 through 12. This information shall include the causes and symptoms
22 of these diseases, how they are transmitted, how they may be
23 prevented by vaccination, including the benefits and possible side
24 effects of vaccination, and places parents and guardians may obtain
25 additional information and vaccinations for their children.
- 26 b. The board shall adopt policies to ensure that students in grades nine
27 through 12 receive information annually on the manner in which a
28 parent may lawfully abandon a newborn baby with a responsible
29 person, in accordance with G.S. 7B-500.
- 30 (16) School-based mental health. – The board of trustees shall adopt a school-based
31 mental health plan, including a mental health training program and suicide
32 risk referral protocol, in accordance with G.S. 115C-376.5.
- 33 (17) School safety. – The board of trustees shall comply with the requirements of
34 Article 8C of this Chapter, including the following:
- 35 a. School Risk Management Plan. – The board of trustees, in
36 coordination with local law enforcement agencies, shall adopt a
37 School Risk Management Plan (SRMP) relating to incidents of school
38 violence. In constructing and maintaining these plans, the board of
39 trustees shall utilize the School Risk and Response Management
40 System established pursuant to G.S. 115C-105.49A. These plans are
41 not considered a public record as the term "public record" is defined
42 under G.S. 132-1 and shall not be subject to inspection and
43 examination under G.S. 132-6.
- 44 b. Schematic diagrams and school crisis kits. – The board of trustees shall
45 provide schematic diagrams and keys to the main entrance of school
46 facilities to local law enforcement agencies, in addition to
47 implementing the provisions in G.S. 115C-105.52.
- 48 c. School safety exercises. – At least once a year, a school for the deaf
49 shall hold a full school-wide lockdown exercise with local law
50 enforcement and emergency management agencies that are part of the
51 school's SRMP.

1 d. Safety information provided to the Department of Public Safety,
2 Division of Emergency Management. – The board of trustees shall
3 provide the following: (i) schematic diagrams, including digital
4 schematic diagrams, and (ii) emergency response information
5 requested by the Division for the SRMP. The schematic diagrams and
6 emergency response information are not considered public records as
7 the term "public record" is defined under G.S. 132-1 and shall not be
8 subject to inspection and examination under G.S. 132-6.

9 e. Anonymous tip line. – A school for the deaf shall develop and operate
10 an anonymous tip line in accordance with G.S. 115C-105.51.

11 (18) Reporting school violence. – A board of trustees shall report all acts of school
12 violence to the State Board of Education in accordance with
13 G.S. 115C-12(21).

14 (19) Driving eligibility certificates and drivers' education. – The board of trustees
15 shall apply the rules and policies established by the State Board of Education
16 for issuance of driving eligibility certificates. The board of trustees shall
17 provide drivers' education in accordance with Article 14 of this Chapter.

18 (20) Instructional materials. – The board of trustees shall have the authority to
19 select, procure, and use textbooks not adopted by the State Board of
20 Education, as provided in G.S. 115C-98(b1). The board shall have sole
21 authority to select and procure supplementary instructional materials, whether
22 or not the materials contain commercial advertising, pursuant to the provisions
23 of G.S. 115C-98(b).

24 (21) Policy against bullying. – A school for the deaf shall adopt a policy against
25 bullying or harassing behavior, including cyber-bullying, in accordance with
26 Article 29C of this Chapter, and shall at the beginning of each school year
27 provide the policy to staff, students, and parents, as defined in
28 G.S. 115C-390.1(b)(8).

29 (22) Religious activity and moment of silence. – The board of trustees shall comply
30 with the requirements of Article 29D of this Chapter. To afford students and
31 teachers a moment of quiet reflection at the beginning of each day in the public
32 schools, to create a boundary between school time and nonschool time, and to
33 set a tone of decorum in the classroom that will be conducive to discipline and
34 learning, the board of trustees may adopt a policy to authorize the observance
35 of a moment of silence at the commencement of the first class of each day in
36 all grades in the public schools. Such a policy shall provide that the teacher in
37 charge of the room in which each class is held may announce that a period of
38 silence not to exceed one minute in duration shall be observed and that during
39 that period silence shall be maintained and no one may engage in any other
40 activities. Such period of silence shall be totally and completely unstructured
41 and free of guidance or influence of any kind from any sources.

42 (23) Display of the United States and North Carolina flags and recitation of the
43 Pledge of Allegiance. – The board of trustees shall adopt policies to (i) require
44 the display of the United States and North Carolina flags in each classroom,
45 when available, (ii) require that recitation of the Pledge of Allegiance be
46 scheduled on a daily basis, and (iii) provide age-appropriate instruction on the
47 meaning and historical origins of the flag and the Pledge of Allegiance. These
48 policies shall not compel any person to stand, salute the flag, or recite the
49 Pledge of Allegiance. If flags are donated or are otherwise available, flags
50 shall be displayed in each classroom.

- 1 (24) Child sexual abuse and sex trafficking training program. – The board of
2 trustees shall adopt and implement a child sexual abuse and sex trafficking
3 training program in accordance with G.S. 115C-375.20.
- 4 (25) Science safety requirements. –
5 a. A board of trustees shall certify annually to the State Board of
6 Education that the school's science laboratories for high school and
7 middle school students are equipped with appropriate personal
8 protective equipment for students and teachers.
9 b. A board of trustees shall ensure that the school for the deaf complies
10 with all State Board of Education policies related to science laboratory
11 safety.
- 12 (26) Graduation projects. – A board of trustees shall not require a high school
13 graduation project as a condition of graduation unless the board provides a
14 method of reimbursement of up to seventy-five dollars (\$75.00) for expenses
15 related to the high school graduation project for any student identified as an
16 economically disadvantaged student.
- 17 (27) Group accident and health insurance for students. – A board of trustees may
18 purchase group accident, group health, or group accident and health insurance
19 for students in accordance with G.S. 58-51-81.
- 20 (28) Access for youth groups. – Schools for the deaf are encouraged to facilitate
21 access for students to participate in activities provided by any youth group
22 listed in Title 36 of the United States Code as a patriotic society, such as the
23 Boy Scouts of America, and its affiliated North Carolina groups and councils,
24 and the Girl Scouts of the United States of America, and its affiliated North
25 Carolina groups and councils. Student participation in any activities offered
26 by these organizations shall not interfere with instructional time during the
27 school day for the purposes of encouraging civic education.
- 28 (29) Parental notification of certain acts reported to law enforcement. – A board of
29 trustees shall adopt a rule on the notification to parents or legal guardians of
30 any students alleged to be victims of any act that is required to be reported to
31 law enforcement and the superintendent under G.S. 115C-288(g).
- 32 (30) Seclusion and restraint report. – A board of trustees shall maintain a record of
33 incidents reported under G.S. 115C-391.1(j)(4) and shall provide this
34 information annually to the State Board of Education.
- 35 (31) Use of pesticides. – A board of trustees shall adopt rules that address the use
36 of pesticides in schools. These policies shall:
37 a. Require the principal or the principal's designee to annually notify the
38 students' parents, guardians, or custodians as well as school staff of the
39 schedule of pesticide use on school property and their right to request
40 notification. Such notification shall be made, to the extent possible, at
41 least 72 hours in advance of nonscheduled pesticide use on school
42 property. The notification requirements under this subdivision do not
43 apply to the application of the following types of pesticide products:
44 antimicrobial cleansers, disinfectants, self-contained baits and
45 crack-and-crevice treatments, and any pesticide products classified by
46 the United States Environmental Protection Agency as belonging to
47 the U.S.E.P.A. Toxicity Class IV, "relatively nontoxic" (no signal
48 word required on the product's label).
49 b. Require the use of Integrated Pest Management. As used in this
50 sub-subdivision, "Integrated Pest Management" or "IPM" means the
51 comprehensive approach to pest management that combines

1 biological, physical, chemical, and cultural tactics as well as effective,
2 economic, environmentally sound, and socially acceptable methods to
3 prevent and solve pest problems that emphasizes pest prevention and
4 provides a decision-making process for determining if, when, and
5 where pest suppression is needed and what control tactics and methods
6 are appropriate.

7 (32) Arsenic-treated wood. – A board of trustees shall prohibit the purchase or
8 acceptance of chromated copper arsenate-treated wood for future use on
9 school grounds. A board of trustees shall seal existing arsenic-treated wood in
10 playground equipment or establish a time line for removing existing
11 arsenic-treated wood on playgrounds, according to the guidelines established
12 under G.S. 115C-12(33).

13 (33) Exposure to diesel exhaust fumes. – A board of trustees shall adopt rules to
14 reduce students' exposure to diesel emissions.

15 (34) Nonprofit corporations. – A board of trustees may establish, control, and
16 operate a nonprofit corporation that is created under Chapter 55A of the
17 General Statutes and is a tax-exempt organization under the Internal Revenue
18 Code to further their authorized purposes. A nonprofit corporation established
19 as provided in this subdivision shall not have regulatory or enforcement
20 powers and shall not engage in partisan political activity or policy advocacy.
21 A board of trustees that establishes a nonprofit corporation shall make a report
22 annually to the Joint Legislative Education Oversight Committee.

23 (35) Preschool programs. – The board of trustees may establish preschool
24 programs within funds available for children who are deaf or hard of hearing
25 and are at least 3 years old.

26 (36) Rulemaking. – The board of trustees shall be exempt from Article 2A of
27 Chapter 150B of the General Statutes.

28 **"§ 115C-150.35. Admissions.**

29 (a) Rules. – Schools for the deaf shall admit students in accordance with eligibility
30 criteria, standards, and procedures established through rules by the board of trustees in
31 accordance with the requirements of this Part.

32 (b) Eligibility Criteria. – Eligibility criteria shall include consideration of the following:

33 (1) Evidence of hearing loss.

34 (2) State and federal laws.

35 (3) Optimal academic and communicative outcomes for the student.

36 (4) Parental input and choice.

37 (5) Student's possession of minimum daily living skills and level of functioning
38 necessary to participate in the educational program.

39 (6) Student's ability to participate in the education program without exhibiting
40 behavior that is disruptive to other students or criminal activity.

41 (c) Procedures. – Admission procedures shall include the following:

42 (1) An application process that may be directly made by a parent or legal guardian
43 to the school or upon recommendation of a local education agency. If a student
44 has not been evaluated by a local school administrative unit and determined
45 to be a child with a disability, a process for the school and local school
46 administrative unit to enter into an agreement to determine if the student is a
47 child with a disability.

48 (2) An admissions committee to make recommendations on an admissions status
49 that includes, but is not limited to, the following members:

50 a. A chair designated by the director of the school for the deaf.

51 b. The applicant's parent or legal guardian.

- 1 c. Any professionals necessary to interpret the evaluation results.
2 d. If the applicant is currently enrolled in a public school unit, a written
3 invitation shall be extended to a representative from that public school
4 unit to attend and participate in the evaluation.
5 (3) An admissions evaluation that uses multiple sources of information in
6 determining eligibility, including assessments, teacher recommendations,
7 evidence of the applicant's physical and emotional health, indications of the
8 applicant's level of functioning, including adaptive behavior skills, and the
9 student's current or proposed individualized education plan.
10 (4) A final admissions determination made by the director of the school or
11 designee.
12 (d) Admission Status. – A student may be admitted in one of the following statuses:
13 (1) Temporary assignment. – An applicant admitted for no more than 90 school
14 days for the school staff to complete evaluations and gather additional
15 information for the admissions committee to make an eligibility
16 determination. A student admitted to a temporary assignment status is not
17 guaranteed admission to the educational program as a student who meets the
18 school's eligibility criteria.
19 (2) Educational program assignment. – An applicant determined to meet the
20 eligibility criteria and granted admission to the educational program.
21 (e) Disenrollment. – A student's continued enrollment in an educational program
22 assignment status shall be subject to reevaluation by the admissions committee when determined
23 necessary by the school to assess if the student continues to meet eligibility criteria. The
24 disenrollment assessment shall follow the same procedures as the admissions process, and a final
25 determination shall be made by the director or director's designee.
26 (f) Free Appropriate Public Education. – The student's local school administrative unit
27 shall have the initial responsibility of identifying and evaluating the special education needs of
28 the student and providing a special educational program and related services in accordance with
29 Article 9 of this Chapter. If a parent submits an application to the school for the deaf for
30 enrollment of the parent's child in the school's educational program, and if the child is determined
31 to meet the eligibility criteria for admission to the school's educational program, the school for
32 the deaf is responsible for the provision of a free appropriate public education. However, a
33 subsequent determination by the school for the deaf that the student no longer meets eligibility
34 criteria immediately transfers the responsibility for the provision of a special educational
35 program and related services to ensure a free appropriate public education back to the student's
36 local school administrative unit.
37 (g) Mediation. – Prior to seeking a due process hearing as provided in Article 9 of this
38 Chapter, parents are encouraged to seek mediation under Article 9 of this Chapter in resolving
39 any dispute with regards to a student's eligibility determination or IEP.
40 (h) Due Process Hearing. – A parent may seek an impartial due process hearing following
41 a final determination on a student's eligibility by the director. If the parent pursues a due process
42 hearing to challenge the school for the deaf's ineligibility determination, the student's "stay put"
43 placement shall not be the school for the deaf but shall be the student's local school administrative
44 unit.
45 **§ 115C-150.36. Tuition, room and board for resident students.**
46 (a) A student who is a resident of North Carolina is entitled to free tuition for the
47 educational program provided by the school for the deaf.
48 (b) A student who is a resident of North Carolina whose parent elects for the student to
49 board at the school in order to access the educational program is entitled to free room and board.
50 **§ 115C-150.37. Nonresident students.**
51 (a) For the purposes of this section, the following definitions shall apply:

- 1 (1) Foreign exchange student. – A student who is domiciled in a foreign country
2 and has come to the United States on a valid, eligible student visa.
3 (2) Nonresident student. – An out-of-state student or foreign exchange student.
4 (3) Out-of-state student. – A student who is domiciled in a state other than North
5 Carolina.

6 (b) A school for the deaf may enroll nonresident students in the educational program who
7 otherwise meet admissions criteria established for all students. A school for the deaf shall charge
8 the full, unsubsidized per capita cost of providing education at the school for the period of the
9 nonresident student's attendance, including the cost of tuition and the cost of room and board for
10 any student whose parent elects for the student to board at the school in order to access the
11 educational program.

12 (c) A school for the deaf that seeks to enroll nonresident students under this section shall
13 submit a plan prior to enrolling any of those students to the board of trustees for approval,
14 including the proposed costs to be charged to the nonresident students for tuition and room and
15 board and information on compliance with federal law requirements.

16 **"§ 115C-150.38. Reporting to schools for the deaf on deaf or hard of hearing children.**

17 (a) Request for Consent. – Local superintendents shall require that the following request
18 for written consent, along with any informational materials provided by the school for the deaf
19 in the service area in which the local school administrative unit is located, be presented to parents,
20 guardians, or custodians of any children who are deaf or hard of hearing no later than October 1
21 of each school year: "North Carolina provides two public schools for the deaf serving students
22 who are deaf or hard of hearing: the Eastern North Carolina School for the Deaf and the North
23 Carolina School for the Deaf. Do you consent to the release of your contact information and
24 information regarding your child and his or her hearing status to these schools so that you can
25 receive more information on services offered by those campuses?"

26 (b) Annual Report to Schools for the Deaf. – Local superintendents shall report by
27 November 30 each year the names and addresses of parents, guardians, or custodians of any
28 hearing impaired children who have given written consent to the directors of the ENCSD and the
29 NCSD. The report shall include whether the hearing impairments range from partial to total
30 disability and if the child has multiple disabilities with the hearing impairment not identified as
31 the primary disability of the student. The report shall also be made to the Department of Public
32 Instruction.

33 (c) Confidentiality of Records. – The directors of the ENCSD and the NCSD shall treat
34 any information reported to the schools by a local superintendent under subsection (b) of this
35 section as confidential, except that a director or the director's designee may contact the parents,
36 guardians, or custodians of any deaf or hard of hearing children whose information was included
37 in the report. The information shall not be considered a public record under G.S. 132-1.

38 (d) Transfer of Information. – The local superintendent, or if there is no superintendent,
39 the staff member with the highest decision-making authority, shall share a copy of all current
40 evaluation data and a copy of the current or proposed individualized education plan with the
41 ENCSD and the NCSD for any child enrolled in a public school unit who has been identified as
42 a child with a disability who is deaf or hard of hearing that has applied for admission to a school
43 for the deaf, upon the written request of a parent, guardian, or custodian of the student.

44 **"§ 115C-150.39. Applicability of Chapter.**

45 Except as otherwise provided in this Part, the requirements of this Chapter shall not apply to
46 schools for the deaf. A school for the deaf shall be considered a State agency and shall comply
47 with all requirements for State agencies unless otherwise specified in this Part. A school for the
48 deaf shall not be considered a local school administrative unit."

49 **SECTION 7.62.(b)** G.S. 115C-5 reads as rewritten:

50 **"§ 115C-5. Definitions.**

51 As used in this Chapter unless the context requires otherwise:

- 1 ...
 2 (3a) The governing body of a public school unit is the following:
 3 a. For a local school administrative unit, the local board of education.
 4 b. For a charter school, the nonprofit corporation board of directors.
 5 c. For a regional school, the regional school board of directors.
 6 d. For a school operated under Article 7A and Part 1 of Article 9C of this
 7 Chapter, the State Board of Education.
 8 e. For a school operated under Article 29A of Chapter 116 of the General
 9 Statutes, the chancellor of the constituent institution.
 10 f. For a school for the deaf operated under Part 2 of Article 9C of this
 11 Chapter, the board of trustees.

- 12 ...
 13 (7a) Public school unit. – Any of the following:
 14 a. A local school administrative unit.
 15 b. A charter school.
 16 c. A regional school.
 17 d. A school providing elementary or secondary instruction operated by
 18 one of the following:
 19 1. The State Board of Education, including schools operated
 20 under Article 7A and Part 1 of Article 9C of this Chapter.
 21 2. The University of North Carolina under Article 29A of Chapter
 22 116 of the General Statutes.
 23 e. A school for the deaf operated under Part 2 of Article 9C of this
 24 Chapter.

25"
 26 **SECTION 7.62.(c)** G.S. 115C-105.51(g) reads as rewritten:
 27 "(g) For the purposes of this section, a "public secondary school" is any of the following
 28 types of public school serving grades six or higher:
 29 (1) A school under the control of a local school administrative unit.
 30 (2) A school under the control of the State Board of Education, including schools
 31 operated under Article 7A and Part 1 of Article 9C of this Chapter.
 32 (3) A school under the control of The University of North Carolina.
 33 (4) A charter school.
 34 (5) A regional school.
 35 (6) A school for the deaf operated under Part 2 of Article 9C of this Chapter."

36 **SECTION 7.62.(d)** G.S. 126-5(c1) reads as rewritten:
 37 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
 38 Chapter shall not apply to:
 39 ...
 40 (8a) Employees of a regional school established pursuant to Part 10 of Article 16
 41 of Chapter 115C of the General Statutes.
 42 (8b) Employees of a school for the deaf governed by Part 2 of Article 9C of Chapter
 43 115C of the General Statutes.

44"
 45 **SECTION 7.62.(e)** G.S. 138-5(a) reads as rewritten:
 46 "(a) Except as provided in subsections (c) and (f) of this section, members of State boards,
 47 commissions, committees and councils which operate from funds deposited with the State
 48 Treasurer shall be compensated for their services at the following rates:
 49 (1) Except as otherwise provided by this subdivision, compensation at the rate of
 50 fifteen dollars (\$15.00) per diem for each day of service. Members of the
 51 North Carolina Vocational Rehabilitation Council, the Statewide Independent

1 Living Council, and the Commission for the Blind who are unemployed or
2 who shall forfeit wages from other employment to attend Council or
3 Commission meetings or to perform related duties, may receive compensation
4 not to exceed fifty dollars (\$50.00) per diem for attending these meetings or
5 performing related duties, as authorized by sections 105 and 705 of the
6 Rehabilitation Act of 1973, P.L. 102-569, 42 U.S.C. § 701, et seq., as
7 amended. Members of the Board of Trustees of the Eastern North Carolina
8 School for the Deaf and the Board of Trustees of the North Carolina School
9 for the Deaf may receive compensation not to exceed fifty dollars (\$50.00)
10 per diem for attending Trustee meetings or performing related duties.

11 (2) Reimbursement of subsistence expenses at the rates allowed to State officers
12 and employees by subdivision (3) of G.S. 138-6(a).

13 (3) Reimbursement of travel expenses at the rates allowed to State officers and
14 employees by subdivisions (1) and (2) of G.S. 138-6(a).

15 (4) For convention registration fees, the actual amount expended, as shown by
16 receipt."

17 **SECTION 7.62.(f)** G.S. 150B-1(d) is amended by adding a new subdivision to read:
18 "(31) The Eastern North Carolina School for the Deaf and the North Carolina
19 School for the Deaf."

20 **SECTION 7.62.(g)** Section 10 of S.L. 2013-247 is repealed.

21 **SECTION 7.62.(h)** Section 8.15(b) of S.L. 2013-360 reads as rewritten:

22 "**SECTION 8.15.(b)** Notwithstanding G.S. 146-30 or any other provision of law, the
23 Department of Public Instruction shall only retain ~~all~~ proceeds generated from the rental of
24 building space on the residential school ~~campuses~~ campus of the Governor Morehead School for
25 the Blind. The Department of Public Instruction shall use all receipts generated from ~~these~~ the
26 leases to staff and operate the ~~North Carolina School for the Deaf, the Eastern North Carolina~~
27 ~~School for the Deaf, and the~~ Governor Morehead School. These receipts shall not be used to
28 support administrative functions within the Department."

29 **SECTION 7.62.(i)** Notwithstanding G.S. 146-30 or any other provision of law,
30 beginning with the 2022-2023 fiscal year, the Department of Public Instruction shall retain all
31 proceeds generated from the rental of building space on the school campuses of the Eastern North
32 Carolina School for the Deaf and the North Carolina School for the Deaf to be used in accordance
33 with this subsection. The Department of Public Instruction shall allocate all receipts generated
34 from these leases to each board of trustees in the amount generated from the individual school to
35 supplement funds to staff and operate that school. These receipts shall not be used to support
36 administrative functions within the Department of Public Instruction.

37 **SECTION 7.62.(j)** Notwithstanding Article 9C of Chapter 115C of the General
38 Statutes, as amended by this act, the Department of Public Instruction may continue its
39 administrative duties and responsibilities for the North Carolina School for the Deaf and the
40 Eastern North Carolina School for the Deaf subject to Article 9C of Chapter 115C of the General
41 Statutes as of June 30, 2022, until the board of trustees for each school has successfully
42 transitioned into the administrative role required by this act, but in no event later than October 1,
43 2022.

44 **SECTION 7.62.(k)** By May 1, 2022, the General Assembly and the Governor shall
45 appoint the initial members of the boards of trustees for the North Carolina School for the Deaf
46 and the Eastern North Carolina School for the Deaf to take office effective July 1, 2022.
47 Notwithstanding G.S. 115C-150.32, as enacted by this act, of the members appointed by the
48 General Assembly in 2022, the General Assembly shall appoint one of the members
49 recommended by the Speaker of the House of Representatives and one of the members
50 recommended by the President Pro Tempore of the Senate to a two-year term of office and one
51 of the members recommended by the Speaker of the House of Representatives and one of the

1 members recommended by the President Pro Tempore of the Senate to a four-year term of office.
2 The member appointed by the Governor in 2022 shall be appointed to a six-year term of office.
3 Upon the expiration of the initial terms appointed in 2022, all subsequent appointments by all
4 appointing entities shall be for a six-year term of office, as provided in G.S. 115C-150.32, as
5 enacted by this act.

6 **SECTION 7.62.(l)** Notwithstanding G.S. 115C-150.32(f), as enacted by this act,
7 following the appointment of a majority of members of the boards of trustees of each school for
8 the deaf, as provided in subsection (a) of this section, the director of each school for the deaf
9 shall call an initial meeting of each board.

10 **SECTION 7.62.(m)** The Department of Public Instruction shall, in collaboration
11 with the personnel from the North Carolina School for the Deaf and the Eastern North Carolina
12 School for the Deaf, develop a transition plan for the change in administration of the schools for
13 the deaf for students who are deaf or hard of hearing in accordance with the requirements of this
14 act to be effective July 1, 2022. By December 15, 2021, the Department of Public Instruction
15 shall report to the Joint Legislative Education Oversight Committee on the plan for transition in
16 administration of the schools for the deaf, including any legislative recommendations necessary
17 to effectuate the transition.

18 **SECTION 7.62.(n)** Subsections (a) through (i) of this section become effective July
19 1, 2022. The remainder of this section is effective the date this act becomes law.

20 **AUTHORIZATION OF VIRTUAL CHARTER SCHOOLS/END PILOT**

21 **SECTION 7.63.(a)** Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of
22 S.L. 2016-94 and Section 7.13 of S.L. 2018-5, is repealed.

23 **SECTION 7.63.(b)** The pilot program established under Section 8.35 of S.L.
24 2014-100, as amended, shall end with the 2020-2021 school year and the two virtual charter
25 schools participating in the pilot program pursuant to that section shall be deemed to be approved
26 as charter schools by the State Board of Education pursuant to G.S. 115C-218.5 and shall operate
27 as charter schools under Article 14A of Chapter 115C of the General Statutes. The virtual charter
28 schools' contracts and the related documents of those schools shall be modified to reflect that the
29 charter schools operate pursuant to Article 14A of Chapter 115C of the General Statutes. The
30 virtual charter schools shall be permitted to enroll students in accordance with the enrollment
31 increase authorized by Section 3.2 of S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3,
32 for the 2021-2022 school year. Beginning with the 2022-2023 school year, the virtual charter
33 schools shall be subject to G.S. 115C-218.7 and may increase enrollment up to twenty percent
34 (20%) based on their enrollment from the 2021-2022 school year and for subsequent school years
35 without the increase in enrollment being considered a material revision of a virtual charter
36 school's charter. The length of the virtual charter schools' contracts shall be for five additional
37 years, ending after the 2025-2026 school year, at which time the charter school contracts may be
38 renewed for a subsequent 10 years pursuant to G.S. 115C-218.6.

39 **SECTION 7.63.(c)** G.S. 115C-218.1(a) reads as rewritten:

40 "(a) Any nonprofit corporation seeking to establish a classroom-based, online, or blended
41 learning charter school may apply to establish a charter school. If the applicant seeks to convert
42 a public school to a charter school, the application shall include a statement signed by a majority
43 of the teachers and instructional support personnel currently employed at the school indicating
44 that they favor the conversion and evidence that a significant number of parents of children
45 enrolled in the school favor conversion."
46

47 **SECTION 7.63.(d)** G.S. 115C-218.6 reads as rewritten:

48 **"§ 115C-218.6. Review and renewal of charters.**

49 (a) The State Board of Education shall review the operations of each charter school at
50 least once prior to the expiration of its charter to ensure that the school is meeting the expected
51 academic, financial, and governance standards.

1 (b) The State Board of Education shall renew a charter upon the request of the chartering
2 entity for subsequent periods of 10 years, unless one of the following applies:

3 (1) The charter school has not provided financially sound audits for the
4 immediately preceding three years.

5 (2) The charter school's student academic outcomes for the immediately
6 preceding three years have not been comparable to the academic outcomes of
7 students in the local school administrative unit in which the charter school is
8 located. In the case of a virtual charter school, the State Board shall compare
9 the virtual charter school's student academic outcomes for the immediately
10 preceding three years to the average of three comparable local school
11 administrative units with similar student populations as measured by
12 school-level metrics collected by the State.

13 (3) The charter school is not, at the time of the request for renewal of the charter,
14 substantially in compliance with State law, federal law, the school's own
15 bylaws, or the provisions set forth in its charter granted by the State Board of
16 Education.

17 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,
18 then the State Board may renew the charter for a period of less than 10 years or not renew the
19 charter."

20 **SECTION 7.63.(e)** Article 14A of Chapter 115C of the General Statutes is amended
21 by adding a new section to read:

22 "**§ 115C-218.16. Virtual charter schools.**

23 (a) Student Orientation. – Each virtual charter school shall offer student orientation,
24 notify the parent or legal guardian and each student who enrolls in that school of the requirement
25 to participate in the student orientation, and require all students enrolled to complete the student
26 orientation prior to completing any other instructional activity.

27 (b) Engagement Policy. – For virtual charter schools, the school shall develop and adopt
28 a policy regarding consequences for a student's failure to attend school and complete instructional
29 activities. The policy shall state, at a minimum, that a virtual charter school shall submit a
30 notification to the parent or legal guardian of a student who is not consistently engaged in
31 instructional activities, as defined by the policy, that if a student fails to consistently complete
32 instructional activities after the school sends a notification and reasonable intervention strategies
33 have been implemented, the student shall be subject to certain consequences that may include
34 disenrollment from the school. The parent or student must be provided a reasonable opportunity
35 to participate in courses prior to disenrollment to demonstrate that failure to participate in courses
36 is due to a lawful absence recognized under Part 1 of Article 26 of this Chapter and any applicable
37 rules of the State Board of Education. If a virtual charter school disenrolls a student pursuant to
38 this subsection, the school shall immediately notify the local school administrative unit in which
39 the student resides in writing of the student's disenrollment. The student's local school
40 administrative unit shall then promptly provide the parent or legal guardian a written list of
41 educational options.

42 (c) Academic Mobility. – To facilitate the tracking of academic mobility, virtual charter
43 schools shall request the following information from the parent or guardian of a student enrolled
44 in the school: (i) for a newly enrolled student, the reasons for choosing enrollment and (ii) for a
45 student terminating enrollment, the reasons for terminating enrollment.

46 (d) Student Progress Toward Graduation. – The virtual charter school shall conduct an
47 annual measurement of each enrolled student accounting for credits earned as compared to
48 expected credits earned within the course of the school year. Measurement of such progress shall
49 account for specific characteristics of each enrolled student, including age and course credit
50 accrued prior to enrollment in the virtual charter schools, and shall be consistent with

1 evidence-based practices. The virtual charter school shall annually report this data to the State
2 Board, which shall account for the data in determining student academic progress and outcomes.

3 (e) Graduation Rates. – In determining the high school graduation rate of a virtual charter
4 school, the State Board shall include data about students who graduate from high school with a
5 diploma within four years and shall provide additional weighting for graduation within five or
6 six school years. The weighting shall reflect credit status of any student at the time of acceptance
7 into the new high school if a student transfers schools in grades nine to 12. When a student in
8 grades nine to 12 transfers to another school, to the extent allowable under federal law, the student
9 shall be placed in the graduation cohort reflecting the current credit status of the student.
10 However, only full academic year students or greater shall be included in the calculations of a
11 virtual charter school's graduation rate. Students who are enrolled less than a full instructional
12 year count for a factor of zero. Students who are enrolled for between one and two full
13 instructional years count for a factor of one. Students who are enrolled for three full instructional
14 years count for a factor of two. Students who are enrolled for more than three full instructional
15 years count for a factor of three.

16 (f) Achievement and Growth. – In determining the academic achievement and growth of
17 virtual charter school students, the State Board shall include data related to how long each student
18 has been enrolled in the same virtual charter school and provide additional weighting for students
19 who have been enrolled in the same virtual charter school as follows: students who are enrolled
20 for up to one instructional year count for a factor of one, students who are enrolled for up to two
21 instructional years count for a factor of two, students who are enrolled for up to three instructional
22 years count for a factor of three, and students who are enrolled for up to four instructional years
23 count for a factor of four. Only full academic year students shall be included in accountability
24 calculations for growth and achievement.

25 (g) Code of Ethics. – Virtual charter schools shall adopt a code of ethics, including
26 provisions on conflicts of interest."

27 **SECTION 7.63.(f)** Subsections (c) through (e) of this section apply beginning with
28 the 2021-2022 school year.

30 **WATER AND SEWER SERVICES TO CHARTER SCHOOLS**

31 **SECTION 7.64.(a)** Part 1 of Article 16 of Chapter 160A of the General Statutes is
32 amended by adding a new section to read:

33 **"§ 160A-330. Provision of water and sewer services to charter schools.**

34 (a) For the purposes of this section, the term "charter property" means real property that
35 is owned by or leased to an entity for use as a charter school facility for a charter school that has
36 received State Board of Education approval under G.S. 115C-218.5.

37 (b) A municipality shall provide water, sewer, or water and sewer services to a charter
38 property to which those services are not otherwise provided if the following requirements are
39 met:

- 40 (1) The property owner of the charter property requests in writing water, sewer,
41 or water and sewer services to the charter property.
- 42 (2) The municipality has available capacity in the requested service or services.
- 43 (3) The property owner of the charter property agrees in writing to the
44 requirements contained in a utility extension agreement established by the
45 municipal governing board.
- 46 (4) The property owner of the charter property agrees to payment of all costs for
47 extending the requested services.

48 (c) A developer of a charter property, with the written consent of the property owner,
49 may make the request for services under subsection (b) of this section, agree to the requirements
50 of a utility extension agreement with the municipal governing board, and pay for the costs of
51 extension of the requested services.

1 (d) If the charter property is not located within the municipal limits and the owner of the
2 charter property petitions for annexation under Part 1 or Part 4 of Article 4A of this Chapter, the
3 municipality shall grant the petition if the charter property is otherwise eligible for annexation
4 under those Parts."

5 **SECTION 7.64.(b)** This section is effective the date this act becomes law.

6
7 **CLARIFY PRIVATE SCHOOL TESTING REQUIREMENTS**

8 **SECTION 7.65.(a)** G.S. 115C-549 reads as rewritten:

9 **"§ 115C-549. Standardized testing requirements.**

10 (a) Each private church school or school of religious charter shall administer, at least
11 once in each school year, a nationally standardized test or other nationally standardized
12 equivalent measurement selected by the chief administrative officer of such school, to all students
13 enrolled or regularly attending grades three, six and ~~nine~~-nine, as follows:

14 (1) ~~The~~ For grades three and six, the nationally standardized test or other
15 equivalent measurement selected must measure achievement in the areas of
16 English grammar, reading, spelling and mathematics.

17 (2) For grade nine, the nationally standardized test or other equivalent
18 measurement selected must measure either of the following:

19 a. Achievement in the areas of English grammar, reading, spelling, and
20 mathematics.

21 b. Competencies in the verbal and quantitative areas.

22 (b) Each school shall make and maintain records of the results achieved by its students.
23 For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13,
24 at the principal office of such school, at all reasonable times, for annual inspection by a duly
25 authorized representative of the State of North Carolina."

26 **SECTION 7.65.(b)** G.S. 115C-557 reads as rewritten:

27 **"§ 115C-557. Standardized testing requirements.**

28 (a) Each qualified nonpublic school shall administer, at least once in each school year, a
29 nationally standardized test or other nationally standardized equivalent measurement selected by
30 the chief administrative officer of such school, to all students enrolled or regularly attending
31 grades three, six and ~~nine~~-nine, as follows:

32 (1) ~~The~~ For grades three and six, the nationally standardized test or other
33 equivalent measurement selected must measure achievement in the areas of
34 English grammar, reading, spelling and mathematics.

35 (2) For grade nine, the nationally standardized test or other equivalent
36 measurement selected must measure either of the following:

37 a. Achievement in the areas of English grammar, reading, spelling, and
38 mathematics.

39 b. Competencies in the verbal and quantitative areas.

40 (b) Each school shall make and maintain records of the results achieved by its students.
41 For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13,
42 at the principal office of such school, at all reasonable times, for annual inspection by a duly
43 authorized representative of the State of North Carolina."

44 **SECTION 7.65.(c)** G.S. 115C-562.5(a)(4) reads as rewritten:

45 "(4) Administer, at least once in each school year, a nationally standardized test or
46 other nationally standardized equivalent measurement selected by the chief
47 administrative officer of the nonpublic school to all eligible students whose
48 tuition and fees are paid in whole or in part with a scholarship grant enrolled
49 in grades three and higher. ~~The~~ For grades three through eight, the nationally
50 standardized test or other equivalent measurement selected must measure
51 achievement in the areas of English grammar, reading, spelling, and

1 mathematics. For grades nine through 12, the nationally standardized test or
 2 other equivalent measurement selected must measure either (i) achievement
 3 in the areas of English grammar, reading, spelling, and mathematics or (ii)
 4 competencies in the verbal and quantitative areas. Test performance data shall
 5 be submitted to the Authority by July 15 of each year. Test performance data
 6 reported to the Authority under this subdivision is not a public record under
 7 Chapter 132 of the General Statutes."

8 **SECTION 7.65.(d)** This section applies to the administration of tests beginning with
 9 the 2021-2022 school year.

10
 11 **MANDATORY TRAINING CONTRIBUTING TO CONTINUING EDUCATION**
 12 **CREDITS**

13 **SECTION 7.66.(a)** G.S. 115C-270.30 reads as rewritten:

14 "**§ 115C-270.30. Licensure renewal.**

15 ...

16 (b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall
 17 include the following:

18 (1) For all teachers, at least eight continuing education credits with at least three
 19 credits required in a teacher's academic subject area.

20 (2) For elementary school teachers, at least three continuing education credits
 21 related to literacy. Literacy renewal credits shall include evidence-based
 22 assessment, diagnosis, and intervention strategies for students not
 23 demonstrating reading proficiency. Oral language, phonemic and
 24 phonological awareness, phonics, vocabulary, fluency, and comprehension
 25 shall be addressed in literacy-related activities leading to license renewal for
 26 elementary school teachers.

27 (2a) For all teachers, hours spent attending mandatory training programs shall
 28 contribute toward the calculation for continuing education credits if all of the
 29 following apply:

30 a. The mandatory training program is required by State law or by a local
 31 board of education as a condition of employment.

32 b. The teacher has otherwise met any applicable requirements for literacy
 33 renewal credits, credits required in a teacher's academic subject area,
 34 digital teaching or learning, or other licensure renewal requirements
 35 adopted by the State Board pursuant to this section.

36 ...

37 (c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed
 38 at least once every five years by the State Board to do the following:

39 ...

40 (3) Integrate digital teaching and learning into the requirements for licensure
 41 renewal. The State Board of Education shall not require the completion of
 42 continuing education credits solely related to digital teaching and learning but
 43 may require completion of up to two continuing education credits that include
 44 pedagogy on digital teaching and learning as a component of a general or
 45 content-specific continuing education credit."

46 **SECTION 7.66.(b)** This section is effective when it becomes law and applies to
 47 licenses renewed on or after that date.

48
 49 **REVISE PERSONAL LEAVE COSTS FOR TEACHERS**

50 **SECTION 7.67.(a)** G.S. 115C-302.1(d) reads as rewritten:

51 "(d) Personal Leave. – The following shall apply to personal leave:

(1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated without any applicable maximum until June 30 of each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.

(2) Use. – Personal leave may be used only upon the authorization of the teacher's immediate supervisor. ~~A supervisor, as follows:~~

a. Unless the request is approved by the principal, a teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day, unless the request is approved by the principal day.

b. On all other days, days other than those referenced in sub-subdivision a. of this subdivision, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. ~~Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave.~~

(3) Pay. – The cost of personal leave shall be assessed as follows:

a. Teachers using personal leave on teacher workdays shall receive full salary.

b. Teachers using personal leave on ~~other days~~ days other than those referenced in sub-subdivision a. of this subdivision shall receive full salary as long as the teacher provides a reason for the request. If the teacher does not provide a reason for the request, the teacher shall receive full salary less the required substitute deduction. If, however, full cost of hiring a substitute for the teacher. If no substitute is hired for a teacher, the any substitute reduction shall be refunded to that teacher."

SECTION 7.67.(b) This section is effective the date this act becomes law and applies beginning with the 2021-2022 school year.

PROGRAM ENHANCEMENT TEACHER ALLOTMENT/K-12

SECTION 7.68.(a) G.S. 115C-301 reads as rewritten:

"§ 115C-301. Allocation of teachers; class size.

...

(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public School Fund shall consist of the following position allotments:

- (1) Classroom teachers for kindergarten through twelfth grade, which shall include funds for ~~program enhancement teachers for sixth through twelfth grade,~~ self-contained exceptional children teachers, math, science, and computer teachers, and matching benefits.
- (2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

...
 (c) ~~Maximum Class Size for Kindergarten Through Third Grade.~~ Grade and Allotment Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade shall be as follows:

- (1) For kindergarten, one teacher per 18 students.
- (2) For first grade, one teacher per 16 students.
- (3) For second grade, one teacher per 17 students.
- (4) For third grade, one teacher per 17 students.

Within the remaining funds available for classroom teachers in the State Public School Fund, the State Board of Education shall set the teacher to student ratios for class size in grades four through 12 to allot those positions. In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

...
 (c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~ Twelfth Grade. –

- (1) Definitions. – For the purposes of this section, "program enhancement" refers to any of the following:
 - a. Arts disciplines, including dance, music, theater, and the visual arts.
 - b. Physical education and health programs.
 - c. World languages.
 - d. Other supplemental classes as defined by the State Board of Education.
- (2) Allotment ratio calculation. – The allotment ratio for kindergarten through ~~fifth~~ twelfth grade program enhancement teachers shall be one teacher per ~~191~~ 140 students.
- (3) Appropriation. – Beginning with the ~~2019-2020-2021-2022~~ fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the allotment for program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through ~~fifth~~ twelfth grade on a basis of one teacher per ~~191-140~~ students for each fiscal year as follows:

Fiscal Year	Appropriation
2019-2020	50%
2020-2021	75%
2021-2022 and each subsequent fiscal year thereafter	100%.

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subdivision, the Director of the Budget shall include the appropriated amount for that fiscal year.

...."

SECTION 7.68.(b) G.S. 115C-105.25(5d) reads as rewritten:

1 "(5d) No positions shall be transferred out of the allocation for program
2 enhancement teachers for kindergarten through ~~fifth~~twelfth grade except as
3 provided in this subdivision. Positions allocated for program enhancement
4 teachers for kindergarten through ~~fifth~~twelfth grade may be converted into
5 positions allocated for classroom teachers for kindergarten through twelfth
6 grade. For the purposes of this subdivision, the term "program enhancement"
7 is as defined in G.S. 115C-301(c2)."

8 **SECTION 7.68.(c)** This section applies beginning with the 2021-2022 school year.
9

10 **PERMANENT CHARTER SCHOOL TRANSPORTATION GRANT PROGRAM**

11 **SECTION 7.69.(a)** Article 14A of Chapter 115C of the General Statutes is amended
12 by adding a new section to read:

13 **"§ 115C-218.42. Charter School Transportation Grant Program.**

14 (a) Purpose; Definition. – There is established the Charter School Transportation Grant
15 Program (Program). The purpose of the Program shall be to award grant funds to a charter school
16 that meets the requirements of subsection (b) of this section for the reimbursement of up to
17 sixty-five percent (65%) of the eligible student transportation costs incurred by the school in
18 accordance with the provisions of this section. For purposes of this section, the term "eligible
19 student transportation costs" means costs incurred by the charter school for (i) transportation fuel,
20 (ii) vehicle maintenance, (iii) contracted transportation services, and (iv) transportation personnel
21 salaries.

22 (b) Program Eligibility. – If a charter school has student enrollment in a semester of the
23 school year of at least fifty percent (50%) of its students residing in households with an income
24 level not in excess of the amount required for a student to qualify for the federal free or
25 reduced-price lunch program, the charter school may apply to the Department for grant funds
26 under the Program for reimbursement of up to sixty-five percent (65%) of the eligible student
27 transportation costs incurred by the school for that semester.

28 (c) Applications. – By August 1 of each year, the Department shall establish the criteria
29 and guidelines for the grant application process for the upcoming school year, including any
30 documentation required to be submitted with the application. Each school year, the Department
31 shall accept applications until December 31 for eligible student transportation costs incurred
32 during the fall semester of the school year and until May 15 for eligible student transportation
33 costs incurred during the spring semester of the school year.

34 (d) Award of Funds. – From funds made available for the Program, the Department shall
35 award grant funds to the selected charter schools by February 15 for eligible student
36 transportation costs incurred during the fall semester of the same school year and by June 15 for
37 eligible student transportation costs incurred during the spring semester of the prior school year.
38 The total amount of each grant awarded under the Program shall not exceed one hundred
39 thousand dollars (\$100,000) per charter school per school year.

40 (e) Reporting. – No later than March 15 of each year in which funds are awarded under
41 the Program, the Department shall report to the Joint Legislative Education Oversight
42 Committee, the Joint Legislative Transportation Oversight Committee, the Senate
43 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
44 Research Division on the administration of the Program, including at least the following
45 information:

- 46 (1) The number of charter schools that received grant funds.
- 47 (2) The amount of grant funds awarded to those charter schools.
- 48 (3) Whether implementing the Program has led to an increase in charter schools
49 offering lunch.
- 50 (4) Whether implementing the Program has led to an increase in student lunch
51 participation at charter schools offering lunch.

1 (5) Whether implementing the Program has increased or expanded the offering of
2 student transportation by charter schools.

3 (6) The modes of student transportation offered by charter schools that received
4 grant funds."

5 **SECTION 7.69.(b)** Notwithstanding G.S. 115C-218.42(c), as enacted by this act,
6 for the 2021-2022 school year, the Department shall establish criteria and guidelines for the grant
7 application process by October 1, 2021.

8 **SECTION 7.69.(c)** This section is effective July 1, 2021, and applies beginning with
9 the 2021-2022 school year.

10 11 **STUDENT TRANSPORTATION SUPPORT**

12 **SECTION 7.70.(a)** Smart School Bus Safety Pilot Program. – The Department of
13 Public Instruction shall establish the 2021 Smart School Bus Safety Pilot Program (Program),
14 beginning with the 2021-2022 school year and ending on or before January 1, 2025. The purpose
15 of the Program is to modernize the transportation of public school students through technology
16 in response to the COVID-19 pandemic, as follows:

17 (1) Participation. – As part of the Program, participating local school
18 administrative units and charter schools shall identify and contract with
19 qualifying vendors, as determined by the unit or charter school, to provide
20 technology and services for student transportation in accordance with this
21 subsection. Notwithstanding G.S. 115C-240(d), participating local school
22 administrative units and charter schools shall have discretion over the
23 selection of qualifying vendors pursuant to the Program, and the selection of
24 a qualifying vendor shall not be subject to approval by the State Board of
25 Education or the Department of Public Instruction. The following local school
26 administrative units and charter schools are authorized to participate in the
27 Program, subject to the requirements of this subsection:

- 28 a. Burke County Schools.
- 29 b. Caldwell County Schools.
- 30 c. Chatham County Schools.
- 31 d. Clinton City Schools.
- 32 e. Elizabeth City-Pasquotank Public Schools.
- 33 f. Elkin City Schools.
- 34 g. Gaston County Schools.
- 35 h. Harnett County Schools.
- 36 i. Hickory City Schools.
- 37 j. Iredell-Statesville Schools.
- 38 k. Johnston County Schools.
- 39 l. Martin County Schools.
- 40 m. New Hanover County Schools.
- 41 n. Sampson County Schools.
- 42 o. Surry County Schools.
- 43 p. Transylvania County Schools.
- 44 q. Union County Public Schools.
- 45 r. Watauga County Schools.
- 46 s. Wayne County Public Schools.
- 47 t. Winston-Salem/Forsyth County Schools.
- 48 u. Alpha Academy.
- 49 v. Sallie B Howard School.
- 50 w. Sugar Creek Charter.
- 51 x. Thomas Jefferson Classical.

- 1 (2) Option to leave. – Any local school administrative unit or charter school
2 authorized to participate in the Program may elect not to participate. For each
3 local school administrative unit or charter school that elects not to participate
4 in the Program, the Department may authorize one replacement local school
5 administrative unit or charter school with a similar population of students to
6 participate in the Program.
- 7 (3) Technology and services. – Participating units and charter schools shall have
8 discretion over the specific technology and services provided by qualifying
9 vendors as long as the technology and services meet the requirements of either
10 of the following sub-subdivisions of this subdivision:
11 a. Improve communications and information. – Technology and services
12 that meet at least all of the following requirements:
13 1. Improve overall communications and reporting on school
14 buses.
15 2. Enable employee time tracking, student ridership tracking, and
16 contact tracing in the event of a COVID-19 infection.
17 3. Enable global positioning system (GPS) tracking of school
18 buses.
19 4. Enable turn-by-turn navigation along bus routes.
20 5. Optimize time, expenditure, and safety of bus routes.
21 6. Provide pre- and post-trip vehicle inspections that may be
22 transmitted to the Department of Public Instruction on a
23 regular basis.
24 7. Communicate ridership information to the student information
25 management system.
26 8. Permit parents or legal guardians to access applicable
27 information.
28 9. Conform to applicable guidance provided by the North
29 Carolina Department of Health and Human Services for the
30 transportation of students during the COVID-19 pandemic.
31 10. Facilitate the receipt of Medicaid reimbursement for eligible
32 student transportation services.
- 33 b. Internet connectivity. – Technology and services that provide students
34 on school buses with access to the internet over Wi-Fi and meet at least
35 all of the following requirements:
36 1. Provide participating units and charter schools with
37 customizable connectivity options.
38 2. Comply with all State and federal law.
- 39 (4) Miscellaneous. – The following requirements shall apply to each participating
40 local school administrative unit and charter school:
41 a. Every school bus in a participating local school administrative unit or
42 charter school designed for the transportation of children with
43 disabilities shall be outfitted with technology provided pursuant to the
44 Program as long as the technology is appropriate for children with
45 disabilities and can be provided in a cost-effective manner.
46 b. At the conclusion of the Program, all hardware provided to a
47 participating local school administrative unit or charter school shall
48 become the property of the unit or charter school.
49 c. Participating local school administrative units and charter schools
50 shall make use of technology or services provided pursuant to the
51 Program at least through the conclusion of the 2023-2024 school year.

1 (5) Reports. – No later than July 1, 2022, and annually thereafter in any year in
2 which the Program is in effect, the Department of Public Instruction, in
3 consultation with each participating local school administrative unit and
4 charter school, shall report at least all of the following information to the Joint
5 Legislative Education Oversight Committee, any committee constituted by
6 the House of Representatives or Senate to address school safety, and the Fiscal
7 Research Division:

- 8 a. An itemized breakdown of software infrastructure, hardware
9 infrastructure, and equipment provided by qualifying vendors to
10 participating local school administrative units and charter schools
11 pursuant to the Program.
12 b. A description of all services provided by qualifying vendors to
13 participating local school administrative units and charter schools
14 pursuant to the Program.
15 c. A list of qualifying vendors contracting with participating local school
16 administrative units and charter schools pursuant to the Program.
17 d. The impact and effectiveness of the Program.
18 e. All expenditures of State funds pursuant to the Program.

19 **SECTION 7.70.(b)** Allocation of Funds for the Program. – Funds appropriated by
20 this act to the Department of Public Instruction from the State Fiscal Recovery Fund for the
21 2021-2022 fiscal year for the Program shall be allocated to local school administrative units and
22 charter schools as follows:

- 23 (1) The sum of thirteen million nine hundred seventy thousand dollars
24 (\$13,970,000) for the technology and services described in sub-subdivision a.
25 of subdivision (3) of subsection (a) of this section, as follows:
26 a. Four hundred seventy-eight thousand dollars (\$478,000) to Burke
27 County Schools.
28 b. Five hundred forty thousand dollars (\$540,000) to Caldwell County
29 Schools.
30 c. Four hundred thirty-six thousand dollars (\$436,000) to Chatham
31 County Schools.
32 d. One hundred forty thousand dollars (\$140,000) to Clinton City
33 Schools.
34 e. Four hundred thirty-five thousand dollars (\$435,000) to Elizabeth
35 City-Pasquotank Public Schools.
36 f. Fifty-one thousand dollars (\$51,000) to Elkin City Schools.
37 g. Nine hundred seventy-eight thousand dollars (\$978,000) to Gaston
38 County Schools.
39 h. One million sixty thousand dollars (\$1,060,000) to Harnett County
40 Schools.
41 i. One hundred fifty thousand five hundred dollars (\$150,500) to
42 Hickory City Schools.
43 j. One million four hundred twenty-five thousand dollars (\$1,425,000)
44 to Johnston County Schools.
45 k. Nine hundred twelve thousand dollars (\$912,000) to Iredell-Statesville
46 Schools.
47 l. Two hundred seventy-three thousand dollars (\$273,000) to Martin
48 County Schools.
49 m. Nine hundred eighty-four thousand dollars (\$984,000) to New
50 Hanover County Schools.

- 1 n. Five hundred twenty thousand dollars (\$520,000) to Sampson County
2 Schools.
- 3 o. Four hundred two thousand five hundred dollars (\$402,500) to Surry
4 County Schools.
- 5 p. Two hundred thirty-eight thousand dollars (\$238,000) to Transylvania
6 County Schools.
- 7 q. One million six hundred fifty thousand dollars (\$1,650,000) to Union
8 County Public Schools.
- 9 r. Three hundred thirty-seven thousand dollars (\$337,000) to Watauga
10 County Schools.
- 11 s. One million seventy-nine thousand dollars (\$1,079,000) to Wayne
12 County Public Schools.
- 13 t. One million four hundred fifty-six thousand dollars (\$1,456,000) to
14 Winston-Salem/Forsyth County Schools.
- 15 u. Eighty-one thousand dollars (\$81,000) to Alpha Academy.
- 16 v. One hundred thirteen thousand dollars (\$113,000) to Sallie B Howard
17 School.
- 18 w. One hundred fifty-five thousand dollars (\$155,000) to Sugar Creek
19 Charter.
- 20 x. Seventy-six thousand dollars (\$76,000) to Thomas Jefferson Classical.
- 21 (2) The sum of four million one hundred seventy-eight thousand dollars
22 (\$4,178,000) for the technology and services described in sub-subdivision b.
23 of subdivision (3) of subsection (a) of this section, as follows:
- 24 a. One hundred forty-three thousand dollars (\$143,000) to Burke County
25 Schools.
- 26 b. One hundred sixty-two thousand dollars (\$162,000) to Caldwell
27 County Schools.
- 28 c. One hundred thirty thousand dollars (\$130,000) to Chatham County
29 Schools.
- 30 d. Forty-two thousand dollars (\$42,000) to Clinton City Schools.
- 31 e. One hundred thirty thousand dollars (\$130,000) to Elizabeth
32 City-Pasquotank Public Schools.
- 33 f. Fifteen thousand five hundred dollars (\$15,500) to Elkin City Schools.
- 34 g. Two hundred ninety-two thousand dollars (\$292,000) to Gaston
35 County Schools.
- 36 h. Three hundred seventeen thousand dollars (\$317,000) to Harnett
37 County Schools.
- 38 i. Forty-five thousand dollars (\$45,000) to Hickory City Schools.
- 39 j. Four hundred twenty-six thousand dollars (\$426,000) to Johnston
40 County Schools.
- 41 k. Two hundred seventy-three thousand dollars (\$273,000) to
42 Iredell-Statesville Schools.
- 43 l. Eighty-two thousand dollars (\$82,000) to Martin County Schools.
- 44 m. Two hundred ninety-four thousand dollars (\$294,000) to New
45 Hanover County Schools.
- 46 n. One hundred fifty-six thousand dollars (\$156,000) to Sampson County
47 Schools.
- 48 o. One hundred twenty thousand dollars (\$120,000) to Surry County
49 Schools.
- 50 p. Seventy-one thousand five hundred dollars (\$71,500) to Transylvania
51 County Schools.

- 1 q. Four hundred ninety-three thousand dollars (\$493,000) to Union
2 County Public Schools.
- 3 r. One hundred one thousand dollars (\$101,000) to Watauga County
4 Schools.
- 5 s. Three hundred twenty-three thousand dollars (\$323,000) to Wayne
6 County Public Schools.
- 7 t. Four hundred thirty-five thousand dollars (\$435,000) to
8 Winston-Salem/Forsyth County Schools.
- 9 u. Twenty-four thousand dollars (\$24,000) to Alpha Academy.
- 10 v. Thirty-four thousand dollars (\$34,000) to Sallie B Howard School.
- 11 w. Forty-six thousand dollars (\$46,000) to Sugar Creek Charter.
- 12 x. Twenty-three thousand dollars (\$23,000) to Thomas Jefferson
13 Classical.

14 **SECTION 7.70.(c)** Proposal to Add Medicaid Coverage for Transportation Provided
15 by Public School Units. – No later than March 1, 2022, the Department of Health and Human
16 Services, Division of Health Benefits, and the Department of Public Instruction shall jointly
17 submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice
18 and the Joint Legislative Education Oversight Committee with a proposal for adding the
19 Medicaid coverage for school-based transportation services described in the November 1, 2016,
20 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled
21 "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal
22 Medicaid law and regulations. The proposal shall include all of the following:

- 23 (1) A detailed description of the coverage to be added.
- 24 (2) A detailed description of the required documentation for reimbursement.
- 25 (3) An updated analysis of the fiscal impact both to the Department of Health and
26 Human Services and to all public school units of adding the coverage.
- 27 (4) The identification of any State appropriations needed to implement the
28 coverage.
- 29 (5) A recommended time frame for implementing the coverage.
- 30 (6) Proposed language for any legislative changes needed to implement the
31 coverage.

32 **SECTION 7.70.(d)** Subsections (a) and (b) of this section become effective July 1,
33 2021. Except as otherwise provided, this section is effective when it becomes law.

34 **LIFE CHANGING EXPERIENCES SCHOOL PROGRAM**

35 **SECTION 7.71.(a)** Of the funds appropriated to the Department of Public
36 Instruction by this act for the Life Changing Experiences School Program, the Department shall
37 contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate
38 the Life Changing Experiences School Program (Project), beginning with the 2021-2022 school
39 year. The Project shall be operated and administered for students in grades six through 11 in at
40 least the following local school administrative units: Cleveland County Schools, Greene County
41 Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools,
42 Mitchell County Schools, and Pitt County Schools. The Department may select one or more
43 additional local school administrative units to participate in the Project if the funds are sufficient
44 to support additional units. These contract funds shall not be used for any purpose other than to
45 implement the Project in the local school administrative units, which consists of traveling 3-D,
46 interactive, holistic, and evidence-based multimedia education in-school programs. The Project
47 shall include theme-specific programs screened at school assemblies and additional follow-up
48 applications that address dangerous life- and community-threatening activities that negatively
49 impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying.
50 The goal of these programs is to increase positive intentions and behavioral outcomes by teaching
51

1 students the techniques and skills that empower them to reach meaningful life goals, employ
2 positive behaviors, and start businesses and social enterprises.

3 **SECTION 7.71.(b)** The Children and Parent Resource Group, Inc., in consultation
4 with the Department of Public Instruction, shall submit a report on the Project authorized by
5 subsection (a) of this section by March 1, 2022, and annually thereafter, to the Joint Legislative
6 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher
7 Education, the House Appropriations Committee on Education, and the Fiscal Research Division.
8 Each report shall include an accounting of expenditures and student outcome data related to the
9 operation of the Project.

10 **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

11 **SECTION 7.72.(a)** Establish; Purpose. – There is established the Innovative
12 Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford
13 County Schools for the purpose of reforming its current career and technical education (CTE)
14 program to more deliberately prepare its students for high-wage, high-skills careers. The Program
15 shall focus on hosting signature career academies at traditional high schools located in the local
16 school administrative unit that specialize in defined areas of career and technical education.

17 **SECTION 7.72.(b)** Components of the Program. – The Program shall include at
18 least the following key components in establishing a minimum of four but no more than six
19 signature career academies at high schools in the local school administrative unit:

- 20 (1) One school-selected priority career pathway that does not compete with career
21 pathways at other signature career academies in the local school
22 administrative unit in addition to CTE courses offered as elective options and
23 business and computer science courses.
- 24 (2) School and community stakeholder input on the development of the priority
25 career pathways and the phaseout of other CTE programs.
- 26 (3) Partnerships with higher education institutions and business and industry
27 entities for specific equipment needs and the design of clearly defined career
28 pathways.
- 29 (4) The option for eighth grade students to apply to attend a signature career
30 academy of their choice at a high school located in the local school
31 administrative unit.
- 32 (5) Reassignment of current CTE teachers to focus on an area of expertise for a
33 signature career academy and the creation of partnerships with higher
34 education faculty and employees of industry and business to volunteer to serve
35 as co-teachers in the specialized areas.

36 **SECTION 7.72.(c)** Flexibility for Teachers. – Notwithstanding any other provision
37 of law, in addition to the authority provided to a local board of education to employ adjunct
38 instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the
39 local school administrative unit shall have the flexibility to contract with individuals who have
40 education and training related to the specific skills and career pathways that are the focus of a
41 signature career academy. Any individual who has direct contact with students pursuant to the
42 authority provided by this subsection shall be subject to a criminal history check to ensure that
43 the person has not been convicted of any crime listed in G.S. 115C-332.

44 **SECTION 7.72.(d)** Reporting. – By June 30 of the first school year of operation of
45 the Program, and every June 30 thereafter for the duration of the Program operated as a pilot,
46 Guilford County Schools shall report to the Department of Public Instruction on (i)
47 implementation and administration of the Program, including the use of additional resources
48 provided as an appropriation of State funds specifically for the Program, (ii) data from the
49 Program on student completion rates for career pathways and any other data requested by the
50

1 Department, and (iii) any recommendations on the modification of the Program or the potential
2 application of the Program in other local school administrative units.

3 By August 15 of the first year of reporting by Guilford County Schools under this
4 subsection, and every August 15 thereafter for the duration of the Program operated as a pilot,
5 the Department of Public Instruction shall report to the Joint Legislative Education Oversight
6 Committee on the information submitted by Guilford County Schools pursuant to this subsection.

7 **SECTION 7.72.(e)** Term of the Program. – The Program may operate for up to six
8 school years as a pilot program, beginning with the 2021-2022 school year. Before the end of the
9 school year in which the Program will expire as a pilot, the Guilford County Board of Education
10 may apply to the State Board of Education for the Program to be included as an ongoing
11 component of Guilford County Schools' career and technical education local plan submitted to
12 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in
13 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to
14 teachers as provided in subsection (c) of this section. The Guilford County Board of Education
15 may request as part of the application that the General Assembly appropriate additional resources
16 for the operation of the Program but may continue to operate the Program if other sources of
17 funds are available. The State Board shall consider the data submitted to the Department of Public
18 Instruction on the operation of the Program pursuant to subsection (d) of this section when
19 reviewing the Program to become a component of the career and technical education local plan.
20

21 **APSEED PILOT PROJECT/FUNDS**

22 **SECTION 7.73.(a)** The Department of Public Instruction, Office of Early Learning
23 (Office), shall establish a one-year pilot project to implement the "ApSeed" program, a program
24 designed to prepare preschool-age children, ages birth through 4 years of age, for prekindergarten
25 through an interactive learning device known as a "seedling" (a device similar to an iPad). The
26 seedling provides games varying in skill level depending on the age and capability of the child
27 and advances in level as the child gains proficiency.

28 **SECTION 7.73.(b)** The following counties shall participate in the pilot project
29 described under subsection (a) of this section: Forsyth, Hoke, New Hanover, Watauga, and
30 Yadkin. Each of those counties shall select preschool-age children to participate in the pilot
31 project. The county, in its discretion, shall identify and select children having the greatest need,
32 taking into consideration poverty level as a factor.

33 **SECTION 7.73.(c)** Of the funds appropriated to the Department, the sum of two
34 million five hundred seventy-five thousand eight hundred thirty-one dollars (\$2,575,831) for the
35 2021-2022 fiscal year shall be used to provide for the equipment and costs associated with the
36 "ApSeed" pilot project established by this act. These funds shall be allocated to the five counties
37 participating in the pilot project, with each county receiving an amount up to five hundred sixteen
38 thousand dollars (\$516,000), as determined by the Office.

39 **SECTION 7.73.(d)** Within six months after completion of the pilot project, the
40 Office shall submit a report to the Joint Legislative Education Oversight Committee, the Senate
41 Appropriations Committee on Education/Higher Education, the House Appropriations
42 Committee on Education, and the Fiscal Research Division. The report shall include, at a
43 minimum, each of the following:

- 44 (1) The number of children served, by age and county.
- 45 (2) The skills gained by the participants as compared to those children who did
46 not participate in the pilot project.
- 47 (3) The extent of parental involvement in the pilot project.
- 48 (4) Total project costs, including any administrative costs.
- 49 (5) The amount of funds needed to expand the program statewide.
- 50 (6) Any other relevant information deemed appropriate.

51 **SECTION 7.73.(e)** This section is effective when this act becomes law.

1
2 **ENVIRONMENTAL ENHANCEMENTS OF PUBLIC SCHOOLS/SMITHFIELD**
3 **FOODS AGREEMENT**

4 **SECTION 7.74.(a)** The Smithfield Foods Public School Environmental
5 Enhancement Fund is established as a special fund in the State Treasury. The purpose of the
6 Smithfield Foods Public School Environmental Enhancement Fund is to receive funds received
7 by the State resulting from the environmental enhancement provision of the agreement entered
8 into between the Attorney General of North Carolina and Smithfield Foods, Inc., and its
9 subsidiaries, dated July 25, 2000 (Agreement). The State Controller shall transfer any available
10 funds received by the State under the Agreement on or after July 1, 2019, into the Smithfield
11 Foods Public School Environmental Enhancement Fund.

12 **SECTION 7.74.(b)** The State Controller shall reserve to the Smithfield Foods Public
13 School Environmental Enhancement Fund all monies received from the Agreement pursuant to
14 subsection (a) of this section. Funds reserved in the Smithfield Foods Public School
15 Environmental Enhancement Fund do not constitute an "appropriation made by law," as that
16 phrase is used in Section 7(1) of Article V of the North Carolina Constitution. The Governor, or
17 an agency, department, office, or division designated by the Governor, and the Attorney General
18 are prohibited from directing the use of funds deposited in the Smithfield Foods Public School
19 Environmental Enhancement Fund unless those funds are appropriated by an act of the General
20 Assembly.

21 **SECTION 7.74.(c)** It is the intent of the General Assembly to appropriate funds from
22 the Smithfield Foods Public School Environmental Enhancement Fund to the Department of
23 Public Instruction for the 2022-2023 fiscal year, and for subsequent fiscal years, under a plan
24 that provides for the allocation of funds to local school administrative units for environmental
25 enhancements. The Department shall collaborate with all interested State agencies and
26 stakeholders to develop a plan to allocate funds to local school administrative units for
27 environmental enhancements projects, with priority given to obtaining environmental easements,
28 for constructing and maintaining wetlands, and for other similar environmental purposes,
29 including a competitive grant program for the evaluation of student-initiated projects for
30 environmental enhancements to their school campus where selected projects shall qualify for a
31 grant award of up to one hundred fifty thousand dollars (\$150,000) for the implementation of the
32 project. The plan shall, at a minimum, include consultation with the Department of
33 Environmental Quality to prioritize the allocation of funds to local school administrative units.

34
35 **COMPLIANCE WITH CURSIVE WRITING/MULTIPLICATION TABLES**
36 **REQUIREMENTS**

37 **SECTION 7.75.(a)** G.S. 115C-81.81 reads as rewritten:

38 "**§ 115C-81.81. Annual report on cursive writing and multiplication ~~tables~~tables; penalty**
39 **for noncompliance.**

40 (a) The State Board of Education and the Department of Public Instruction shall report
41 to the Joint Legislative Education Oversight Committee by March 30 of each year on the
42 compliance of each local school administrative unit with the requirements regarding cursive
43 writing pursuant to G.S. 115C-81.75 and the memorization of multiplication tables pursuant to
44 G.S. 115C-81.80. The report shall include at least the following information:

- 45 (1) The number and percentage of local school administrative units in the State
46 complying and not complying with G.S. 115C-81.75 and a list of both sets of
47 units.
48 (2) The number and percentage of local school administrative units in the State
49 complying and not complying with G.S. 115C-81.80 and a list of both sets of
50 units.

- 1 (3) A list of all instructional strategies used by each local school administrative
2 unit to comply with G.S. 115C-81.75 categorized by unit.
- 3 (4) A list of each instructional strategy identified pursuant to subdivision (3) of
4 this section and the corresponding number and percentage of local school
5 administrative units in the State using that strategy to comply with
6 G.S. 115C-81.75.
- 7 (5) If, in any given year, one or more local school administrative units does not
8 respond to inquiries from the Department of Public Instruction related to this
9 section, the number and percentage of local school administrative units in the
10 State that were nonresponsive and a list of those units.
- 11 (6) The number of local superintendents who had pay withheld and the amount of
12 pay withheld for noncompliance pursuant to subsection (b) of this section.

13 (b) Penalty for Noncompliance. – If the State Board of Education and the Department of
14 Public Instruction determine that a local superintendent has (i) willfully failed to comply with
15 the requirements regarding cursive writing pursuant to G.S. 115C-81.75 and the memorization
16 of multiplication tables pursuant to G.S. 115C-81.80 or (ii) willfully failed to respond to inquiries
17 from the Department of Public Instruction regarding the reporting requirements under subsection
18 (a) of this section, no State funds shall be allocated to pay the superintendent's salary for the
19 period of time the superintendent is in noncompliance. The local board of education shall
20 continue to be responsible for complying with the terms of the superintendent's employment
21 contract."

22 **SECTION 7.75.(b)** G.S. 115C-81.75 reads as rewritten:

23 **"§ 115C-81.75. Cursive writing.**

24 (a) The standard course of study shall include the requirement that the public schools
25 provide instruction in cursive writing so that students create readable documents through legible
26 cursive handwriting by the end of fifth grade.

27 (b) A local superintendent who has failed to provide instruction in the local school
28 administrative unit in accordance with this section may be subject to a penalty for noncompliance
29 pursuant to G.S. 115C-81.81(b)."

30 **SECTION 7.75.(c)** G.S. 115C-81.80 reads as rewritten:

31 **"§ 115C-81.80. Multiplication tables.**

32 (a) The standard course of study shall include the requirement that students enrolled in
33 public schools memorize multiplication tables to demonstrate competency in efficiently
34 multiplying numbers.

35 (b) A local superintendent who has failed to provide instruction in the local school
36 administrative unit in accordance with this section may be subject to a penalty for noncompliance
37 pursuant to G.S. 115C-81.81(b)."

38 **SECTION 7.75.(d)** This section applies beginning with the 2021-2022 school year.

39
40 **REQUIRE STATE BOARD TO GRANT QUALIFYING CHARTER APPLICATIONS**
41 **AND PROVIDE APPLICANTS AN OPPORTUNITY TO CORRECT DEFECTS**

42 **SECTION 7.76.(a)** G.S. 115C-218.5 reads as rewritten:

43 **"§ 115C-218.5. Final approval and denial of applications for charter schools.**

44 (a) The State Board ~~may~~ shall grant final approval of an application if it finds the
45 following:

- 46 (1) The application meets the requirements set out in this Article and such other
47 requirements as may be adopted by the State Board of Education.
- 48 (2) The applicant has the ability to operate the school and would be likely to
49 operate the school in an educationally and economically sound manner.
- 50 (3) Granting the application would achieve one or more of the purposes set out in
51 G.S. 115C-218.

1 ~~In reviewing applications for the establishment of charter schools within a local school~~
2 ~~administrative unit, the State Board is encouraged to give preference to applications that~~
3 ~~demonstrate the capability to provide comprehensive learning experiences to students identified~~
4 ~~by the applicants as at risk of academic failure.~~

5 (b) The State Board shall make final decisions on the approval or denial of applications
6 by August 15 of a calendar year on all applications it receives prior to a date established by the
7 Office of Charter Schools for receipt of applications in that application cycle. The State Board
8 may make the final decision for approval contingent upon the successful completion of a planning
9 period prior to enrollment of students.

10 (c) The State Board of Education may authorize a school before the applicant has secured
11 its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary
12 for it to raise working capital. The State Board shall not allocate any funds to the school until the
13 school has obtained space.

14 (d) The State Board of Education may grant the initial charter for a period not to exceed
15 10 years.

16 (e), (f) Repealed by Session Laws 2016-79, s. 1.1, effective June 30, 2016, and applicable
17 beginning with the 2016-2017 school year.

18 (g) If the State Board of Education denies final approval of an application for the
19 establishment of a charter school, the State Board shall enumerate all reasons for denying the
20 application, publish those reasons on its website, and provide the applicant with an opportunity
21 to correct the defects in its application and reapply. If the nonprofit corporation reapplies to
22 establish that charter school, and the State Board determines that the defects it previously
23 identified have been cured and no new defects exist, the State Board shall grant final approval of
24 the application. If the State Board identifies one or more new defects in the reapplication of the
25 nonprofit corporation, the State Board may again deny the application. The State Board shall
26 again enumerate all reasons for denying the application, publish those reasons on its website, and
27 provide the applicant with 30 days to correct the defects in its application and reapply. If the
28 nonprofit corporation reapplies, and the State Board determines that the new defects have been
29 cured, the State Board shall grant final approval of the application."

30 **SECTION 7.76.(b)** No later than December 1, 2021, the State Board of Education
31 shall adopt a process for implementing the changes to G.S. 115C-218.5, as enacted by this act.

32 **SECTION 7.76.(c)** This section is effective when it becomes law and applies to
33 applications for new charter schools submitted on or after December 1, 2021.

34 **ALLOW SCHOOLS IN ALL ZONING DISTRICTS**

35 **SECTION 7.77.(a)** G.S. 160D-701 reads as rewritten:

36 **"§ 160D-701. Purposes.**

37 (a) Zoning regulations shall be made in accordance with a comprehensive plan and shall
38 be designed to promote the public health, safety, and general welfare. To that end, the regulations
39 may address, among other things, the following public purposes: to provide adequate light and
40 air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen
41 congestion in the streets; to secure safety from fire, panic, and dangers; to facilitate the efficient
42 and adequate provision of transportation, water, sewerage, schools, parks, and other public
43 requirements; and to promote the health, safety, morals, or general welfare of the community.
44 The regulations shall be made with reasonable consideration, among other things, as to the
45 character of the district and its peculiar suitability for particular uses and with a view to
46 conserving the value of buildings and encouraging the most appropriate use of land throughout
47 the local government's planning and development regulation jurisdiction.

48 (b) ~~The regulations may not include, as a basis for denying a zoning or rezoning request~~
49 ~~from a school, the level of service of a road facility or facilities abutting the school or proximately~~
50

1 ~~located to the school.~~ Zoning regulations shall provide that schools are a permitted use in all
2 zoning districts, as provided in G.S. 160D-913.1."

3 **SECTION 7.77.(b)** Article 9 of Chapter 160D of the General Statutes is amended
4 by adding a new section to read:

5 "**§ 160D-913.1. Schools are a permitted use.**

6 (a) Local government development regulations shall provide that a school is a permitted
7 use as a matter of right in all zoning districts. The procedures of Article 6 of this Chapter shall
8 not apply to a school. No development regulation for any zoning district may require a school to
9 only be located on a site contiguous to a State-maintained road or highway.

10 (b) No school may be sited closer than within a 300 linear foot radius of an adult
11 establishment, as defined in G.S. 14-202.10.

12 (c) Prior to the commencement of any construction on a site, a school shall notify the
13 local government with development jurisdiction of the school's intent to construct. Notice under
14 this section shall be in writing at least 60 days prior to the commencement of construction. A
15 notice given under this section shall be valid for two years, excluding any time the school has a
16 building permit application pending before the local government.

17 (d) This section shall not apply to zoning districts dedicated to industrial purposes
18 inconsistent with school traffic and usage. Article 6 of this Chapter shall apply to a school
19 desiring to construct a site in a zoning district dedicated to industrial purposes inconsistent with
20 school traffic and usage.

21 (e) As used in this section, the following definitions shall apply:

22 (1) Construction. – The building, erection, renovation, or establishment of school
23 buildings, facilities, and infrastructure and shall not include routine
24 maintenance and repair.

25 (2) School. – As defined in G.S. 160A-307.1(b)(2)."

26 **SECTION 7.77.(c)** G.S. 160A-307.1 reads as rewritten:

27 "**§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

28 (a) A city may only require street improvements related to schools that are required for
29 safe ingress and egress to the municipal street system and that are physically connected to a
30 driveway on the school site. The required improvements shall not exceed those required pursuant
31 to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street
32 improvements related to schools as provided in ~~G.S. 160A-372.~~ G.S. 160D-804. The cost of any
33 improvements to the municipal street system pursuant to this section shall be reimbursed by the
34 city. Any agreement between a school and a city to make improvements to the municipal street
35 system shall not include a requirement for acquisition of right-of-way by the school, unless the
36 school is owned by an entity that has eminent domain power. Any right-of-way costs incurred by
37 a school for required improvements pursuant to this section shall be reimbursed by the city.
38 Notwithstanding any provision of this Chapter to the contrary, a city may not condition the
39 approval of any ~~zoning, rezoning, or permit request~~ development approval on the waiver or
40 reduction of any provision of this section.

41 (b) ~~The term~~ As used in this section, the following definitions shall apply:

42 (1) Development approval. – As defined in G.S. 160D-102.

43 (2) ~~"school," as used in this section, means any facility engaged in the educational~~
44 ~~instruction of children in any grade or combination of grades from~~
45 ~~kindergarten through the twelfth grade at which attendance satisfies the~~
46 ~~compulsory attendance law and includes charter schools authorized under~~
47 ~~G.S. 115C-218.5.~~ School. – Any facility, including relocatable or modular
48 units as either accessory or primary facilities, that is part of a public school
49 unit, as defined in G.S. 115C-5, or part of any nonpublic school that meets the
50 requirements of Part 1 or Part 2 of Article 39 of Chapter 115C of the General
51 Statutes."

1 **SECTION 7.77.(d)** G.S. 14-202.11(c) reads as rewritten:

2 "~~Nothing~~ Except as provided in this subsection, nothing in this section shall be deemed
3 to preempt local government regulation of the location or operation of adult establishments or
4 other sexually oriented businesses to the extent consistent with the constitutional protection
5 afforded free speech. In addition to any local regulation established under G.S. 160D-902, no
6 adult establishment may be located closer than within a 300 linear foot radius of a school, as
7 defined in G.S. 160A-307.1(b)(2)."

8 **SECTION 7.77.(e)** This section becomes effective October 1, 2021, and applies to
9 school zoning applications pending or submitted on or after that date.

10 11 **CLARIFY REPORTING ON TEACHER VACANCIES**

12 **SECTION 7.78.(a)** G.S. 115C-299.5 reads as rewritten:

13 **"§ 115C-299.5. Duty to monitor the state of the teaching profession.**

14 (a) Definitions. – As used in this section, the following definitions apply:

15 (1) Hard-to-staff school. – Any school identified as low-performing, as provided
16 in G.S. 115C-105.37.

17 (2) Hard-to-staff subject area. – A subject area that is either of the following:

18 a. As defined by the United States Department of Education.

19 b. A subject area that has resulted in a long-term vacancy of 16 months
20 or more at a particular school in a local school administrative unit.

21 (3) Teacher vacancy. – A teaching position that a local board of education is
22 unable to fill with a teacher licensed in that subject area, including a position
23 that meets any of the following criteria:

24 a. Is not filled by a teacher who has one of the following licenses in the
25 subject area of the position:

26 1. Continuing Professional License.

27 2. Initial Professional License.

28 3. Lifetime License.

29 4. Limited License.

30 5. Residency License.

31 b. Is not filled by a licensed teacher in a permanent assignment.

32 c. Is filled by a substitute teacher or interim teacher.

33 d. Is filled by a teacher with (i) an emergency license or (ii) another
34 permit or license not included in sub-subdivision a. of this subdivision.

35 (b) State of the Teaching Profession Report. – The State Board of Education shall monitor
36 and compile an annual report by December 15 annually on the state of the teaching profession in
37 North Carolina that includes data on the decisions of teachers to leave the teaching profession
38 and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The
39 State Board shall adopt standard procedures for each local board of education to use in requesting
40 information required by this report and shall require each local board of education to report the
41 information to the State Board in a standard format adopted by the State Board.

42 (c) Teachers Leaving the Profession. – The report shall include the following data on the
43 decisions of teachers to leave the teaching profession in the prior school year:

44 (1) The number of teachers who left the profession without remaining in the field
45 of education and the reasons for teachers leaving the profession.

46 (2) The number of teachers who left their employment to teach in other states.

47 (3) The number of teachers who left their employment to work in another school
48 in North Carolina, including nonpublic schools and charter schools.

49 (4) The number of teachers who left a classroom position for another type of
50 educational position.

51 (5) The number of teachers who left employment in hard-to-staff schools.

1 (6) The number of teachers who left employment in hard-to-staff subject areas.
2 (d) Teacher Effectiveness. – The annual teacher transition report by the State Board of
3 Education shall disaggregate the data included in subsection (c) of this section by teacher
4 effectiveness status at a statewide level. The report shall not disaggregate data on teacher
5 effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of
6 this Chapter, local school administrative units shall provide to the State Board of Education, for
7 the purposes of this report, any North Carolina Educator Evaluation System (NCEES)
8 effectiveness status assigned to teachers who left employment. The State Board of Education
9 shall not report disaggregated data that reveals confidential information in a teacher's personnel
10 file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally
11 identifiable to an individual teacher.

12 (e) Teacher Vacancies. – The report shall include data on ~~teaching positions that local~~
13 ~~boards of education are unable to fill with a teacher licensed in that subject area~~ teacher vacancies
14 by the fortieth school instructional day of the local school administrative unit's calendar. The
15 report shall aggregate all data to provide both statewide information and information specific to
16 each local school administrative ~~units, unit,~~ unit, including the following:

17 (1) The number of teacher vacancies by subject area.

18 (2) The number of teacher vacancies by school with identification of hard-to-staff
19 schools.

20 (f) Teacher Licensure. – The report shall include the number of teachers in each of the
21 following licensure categories, by subject area, aggregated to provide statewide information and
22 information specific to each local school administrative unit and school:

23 (1) Continuing Professional License.

24 (2) Initial Professional License.

25 (3) Lifetime License.

26 (4) Limited License.

27 (5) Residency License.

28 (6) Emergency License."

29 **SECTION 7.78.(b)** No later than September 15, 2021, the Department of Public
30 Instruction shall provide guidance to local school administrative units on positions considered
31 vacant for purposes of the report required pursuant to G.S. 115C-299.5(e), as amended by this
32 section. That guidance shall include at least the following direction:

33 (1) A teaching position filled by a teacher with a lateral entry license shall not be
34 considered vacant.

35 (2) A teaching position filled by a teacher who has been issued a permit to teach
36 pursuant to 16 NCAC 06C .0346 or other applicable rule or policy shall be
37 considered vacant.

38 **SECTION 7.78.(c)** This section is effective when it becomes law.
39

40 **INTERNET-BASED SCHOOL BUSINESS SYSTEMS/SCHOOL BUSINESS SYSTEM** 41 **MODERNIZATION FUNDS GRANT PROGRAM**

42 **SECTION 7.79.(a)** Beginning with the 2021-2022 school year, local boards of
43 education and charter schools shall ensure that all school business systems are (i) housed off the
44 property of the unit or school and (ii) composed of internet-based software.

45 **SECTION 7.79.(b)** From funds available to the Department of Public Instruction for
46 the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the
47 Department shall establish a grant program for the 2021-2022 fiscal year to provide funds to
48 eligible local school administrative units and charter schools to transition from school business
49 systems that are located on the premises of the local school administrative unit or charter school
50 to internet-based school business systems. A local school administrative unit or charter school is
51 eligible to receive funds under the grant program if the school does not participate in the School

1 Business System Modernization Plan. Funds shall be provided to local school administrative
 2 units and charter schools in appropriate amounts, as determined by the Department.

3
 4 **INCREASE TRANSPORTATION EFFICIENCY BUFFER FOR CURRITUCK**
 5 **COUNTY SCHOOLS**

6 **SECTION 7.80.(a)** For purposes of calculating the transportation efficiency budget
 7 rating for Currituck County Schools, the Department of Public Instruction shall include an
 8 assumption that the transportation efficiency budget rating is at least 15 percentage points higher
 9 than the actual transportation efficiency budget rating calculated by the Department for Currituck
 10 County Schools.

11 **SECTION 7.80.(b)** This section applies beginning with the 2021-2022 school year.

12
 13 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

14
 15 **TEACHER SALARY SCHEDULE**

16 **SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for
 17 the 2021-2022 fiscal year to licensed personnel of the public schools who are classified as
 18 teachers. The salary schedule is based on years of teaching experience.

19 **2021-2022 Teacher Monthly Salary Schedule**

Years of Experience	"A" Teachers
0	\$3,500
1	\$3,600
2	\$3,700
3	\$3,800
4	\$3,900
5	\$4,000
6	\$4,100
7	\$4,200
8	\$4,300
9	\$4,400
10	\$4,500
11	\$4,600
12	\$4,700
13	\$4,800
14	\$4,900
15	\$5,000
16	\$5,050
17	\$5,100
18	\$5,150
19	\$5,200
20	\$5,250
21	\$5,300
22	\$5,350
23	\$5,400
24	\$5,450
25+	\$5,550.

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 47 **SECTION 7A.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

- 48 -
 49 (1) Licensed teachers who have NBPTS certification shall receive a salary
 50 supplement each month of twelve percent (12%) of their monthly salary on
 51 the "A" salary schedule.

- 1 (2) Licensed teachers who are classified as "M" teachers shall receive a salary
2 supplement each month of ten percent (10%) of their monthly salary on the
3 "A" salary schedule.
- 4 (3) Licensed teachers with licensure based on academic preparation at the
5 six-year degree level shall receive a salary supplement of one hundred
6 twenty-six dollars (\$126.00) per month in addition to the supplement provided
7 to them as "M" teachers.
- 8 (4) Licensed teachers with licensure based on academic preparation at the
9 doctoral degree level shall receive a salary supplement of two hundred
10 fifty-three dollars (\$253.00) per month in addition to the supplement provided
11 to them as "M" teachers.
- 12 (5) Certified school nurses shall receive a salary supplement each month of ten
13 percent (10%) of their monthly salary on the "A" salary schedule.

14 **SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are
15 licensed as speech pathologists at the master's degree level or higher, school audiologists who
16 are licensed as audiologists at the master's degree level or higher, and school counselors who are
17 licensed as counselors at the master's degree level or higher, the following shall apply:

- 18 (1) The first step of the salary schedule shall be equivalent to the sixth step of the
19 "A" salary schedule.
- 20 (2) These employees shall receive the following salary supplements each month:
21 a. One hundred dollars (\$100.00).
22 b. Ten percent (10%) of their monthly salary, including the supplement
23 provided pursuant to sub-subdivision a. of this subdivision.
- 24 (3) These employees are eligible to receive salary supplements equivalent to those
25 of teachers for academic preparation at the six-year degree level or the
26 doctoral degree level.
- 27 (4) The twenty-sixth step of the salary schedule shall be seven and one-half
28 percent (7.5%) higher than the salary received by these same employees on
29 the twenty-fifth step of the salary schedule.

30 **SECTION 7A.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing
31 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
32 longevity payments are included in the monthly amounts under the teacher salary schedule.

33 **SECTION 7A.1.(e)** A teacher compensated in accordance with this salary schedule
34 for the 2021-2022 school year shall receive an amount equal to the greater of the following:

- 35 (1) The applicable amount on the salary schedule for the applicable school year.
- 36 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
37 the sum of the following:
38 a. The salary the teacher received in the 2013-2014 school year pursuant
39 to Section 35.11 of S.L. 2013-360.
40 b. The longevity that the teacher would have received under the longevity
41 system in effect for the 2013-2014 school year provided in Section
42 35.11 of S.L. 2013-360 based on the teacher's current years of service.
43 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 44 (3) For teachers who were not eligible for longevity for the 2013-2014 school
45 year, the sum of the salary and annual bonus the teacher received in the
46 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.
- 47 (4) For school counselors, the salary the school counselor received in the
48 2020-2021 school year pursuant to Section 1 of S.L. 2020-45.

49 **SECTION 7A.1.(f)** As used in this section, the term "teacher" shall also include
50 instructional support personnel.
51

1 **RESTORE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND**
2 **INSTRUCTIONAL SUPPORT PERSONNEL**

3 **SECTION 7A.1A.(a)** G.S. 115C-302.10 is repealed.

4 **SECTION 7A.1A.(b)** Notwithstanding any other provision of law, beginning with
5 the 2021-2022 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on
6 June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel
7 are paid on the "M" salary schedule and (ii) whether they receive a salary supplement for
8 academic preparation at the six-year or doctoral degree level.

9
10 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

11 **SECTION 7A.2.(a)** Article 20 of Chapter 115C of the General Statutes is amended
12 by adding a new section to read:

13 **"§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

14 (a) For purposes of this section, a "highly qualified graduate" or "graduate" is an
15 individual entering the teaching profession who has graduated from an approved educator
16 preparation program located in North Carolina who has both of the following:

17 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

18 (2) A score of the following or higher on an edTPA assessment or an equivalent
19 score on a nationally normed and valid pedagogy assessment used to
20 determine clinical practice performance:

21 a. A score of 42 for the World Languages and Classical Languages
22 edTPA assessment.

23 b. A score of 57 for the Elementary Education edTPA assessment.

24 c. A score of 48 for all other edTPA assessments.

25 (b) Notwithstanding any other provision of law, to the extent funds are made available
26 for this purpose, a highly qualified graduate who is employed by a local board of education shall
27 receive a salary supplement each month at the highest level for which the graduate qualifies as
28 follows:

29 (1) A graduate who accepts initial employment at a school identified as
30 low-performing by the State Board of Education pursuant to
31 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first
32 three years of employment as a teacher, without a break in service, equivalent
33 to the difference between the State-funded salary of the graduate and the
34 State-funded salary of a similarly situated teacher with three years of
35 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)
36 remains teaching at the same school or (ii) accepts subsequent employment at
37 another low-performing school or local school administrative unit identified
38 as low-performing.

39 (2) A graduate licensed and employed to teach in the areas of special education,
40 science, technology, engineering, or mathematics shall receive a salary
41 supplement during the graduate's first two years of employment as a teacher,
42 without a break in service, equivalent to the difference between the
43 State-funded salary of the graduate and the State-funded salary of a similarly
44 situated teacher with two years of experience on the "A" Teachers Salary
45 Schedule, as long as the graduate continues teaching in one of those areas.

46 (3) All other graduates shall receive a salary supplement during the graduate's
47 first year of employment as a teacher, without a break in service, equivalent
48 to the difference between the State-funded salary of the graduate and the
49 State-funded salary of a similarly situated teacher with one year of experience
50 on the "A" Teachers Salary Schedule."

1 **SECTION 7A.2.(b)** This section becomes effective July 1, 2021, and applies to
2 highly qualified graduates hired on or after that date.

3 4 **BONUSES FOR TEACHERS**

5 **SECTION 7A.3.(a)** No later than October 31, 2021, the Department of Public
6 Instruction shall administer a one-time, lump sum bonus of three hundred dollars (\$300.00) to
7 every teacher whose salaries are supported from State funds and who, as of October 1, 2021, is
8 employed as a teacher in a qualifying public school unit.

9 **SECTION 7A.3.(b)** As used in this section, the following definitions shall apply:

10 (1) Teacher. – Teachers and instructional support personnel.

11 (2) Qualifying public school unit. – Any of the following:

12 a. A local school administrative unit.

13 b. A charter school.

14 c. A regional school.

15 d. An innovative school.

16 e. A laboratory school under Article 29A of Chapter 116 of the General
17 Statutes.

18 f. A school governed by the State Board of Education under Article 9C
19 of Chapter 115C of the General Statutes.

20 **SECTION 7A.3.(c)** The bonuses awarded pursuant to this section shall be in addition
21 to any regular wage or other bonus the teacher receives or is scheduled to receive.

22 **SECTION 7A.3.(d)** Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant
23 to this section are not compensation under Article 1 of Chapter 135 of the General Statutes,
24 Retirement System for Teachers and State Employees.

25 **SECTION 7A.3.(e)** For charter schools, regional schools, innovative schools, and
26 laboratory schools, the Department of Public Instruction shall allocate funds for the bonuses
27 provided pursuant to this section on the basis of the funded average daily membership of each
28 school.

29 **SECTION 7A.3.(f)** It is the intent of the General Assembly that funds provided
30 pursuant to this section will supplement teacher compensation and not supplant local funds.

31 **SECTION 7A.3.(g)** For the 2021-2022 fiscal year, funds appropriated from the
32 General Fund to the Department of Public Instruction for the following bonus programs shall
33 instead be used for bonuses for teachers in accordance with subsections (a) through (f) of this
34 section:

35 (1) The Third Grade Read to Achieve Teacher Bonus Program provided in
36 Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97
37 and Section 8.10 of S.L. 2018-5.

38 (2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in
39 Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.

40 (3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section
41 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

42 **SECTION 7A.3.(h)** For the 2022-2023 fiscal year and subsequent fiscal years, it is
43 the intent of the General Assembly to reauthorize bonuses for teachers based on the criteria used
44 in the programs identified in subdivisions (1) through (3) of subsection (g) of this section.

45 46 **ADVANCED COURSE AND CTE TEACHER BONUSES**

47 **SECTION 7A.4.(a)** Establish Advanced Course and CTE Bonus Program. – The
48 State Board of Education shall establish a teacher bonus program for the 2021-2023 fiscal
49 biennium to reward teacher performance and encourage student learning and improvement. To
50 attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying
51 teachers whose salaries are supported from State funds in January of 2022 and January of 2023,

1 based on data from the 2020-2021 and 2021-2022 school years, respectively, in accordance with
2 this section.

3 **SECTION 7A.4.(b)** Definitions. – For purposes of this section, the following
4 definitions shall apply:

5 (1) Eligible advanced course teacher. – A teacher of Advanced Placement
6 courses, International Baccalaureate Diploma Programme courses, or the
7 Cambridge Advanced International Certificate of Education (AICE) program
8 who meets the following criteria:

9 a. Is employed by, or retired having last held a position at, one or more
10 of the following:

11 1. A qualifying public school unit.

12 2. The North Carolina Virtual Public School program.

13 b. Taught one or more students who received a score listed in subsection
14 (c) of this section.

15 (2) Eligible career and technical education (CTE) teacher. – A teacher who meets
16 the following criteria:

17 a. Is employed by, or retired having last held a position at, a qualifying
18 public school unit.

19 b. Taught one or more students who attained approved industry
20 certifications or credentials consistent with G.S. 115C-156.2.

21 (3) Qualifying public school unit. – Any of the following:

22 a. A local school administrative unit.

23 b. A charter school.

24 c. A regional school.

25 d. A school providing elementary or secondary instruction operated by
26 the State Board of Education under Article 7A of Chapter 115C of the
27 General Statutes.

28 e. A school providing elementary or secondary instruction operated by
29 The University of North Carolina under Article 29A of Chapter 116 of
30 the General Statutes.

31 (4) Qualifying teacher. – An eligible advanced course teacher or eligible career
32 and technical education teacher who meets one of the following criteria:

33 a. Remains employed teaching in the same qualifying public school unit,
34 or, if an eligible advanced course teacher is only employed by the
35 North Carolina Virtual Public School program, remains employed
36 teaching in that program, at least from the school year the data is
37 collected until January 1 of the corresponding school year that the
38 bonus is paid.

39 b. Retired, between the last day of the school year in which the data is
40 collected and January 1 of the corresponding school year in which the
41 bonus is paid, after attaining one of the following:

42 1. The age of at least 65 with five years of creditable service.

43 2. The age of at least 60 with 25 years of creditable service.

44 3. Thirty years of creditable service.

45 **SECTION 7A.4.(c)** Advanced Course Bonuses. – A bonus in the amount of fifty
46 dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught
47 in each advanced course who receives the following score:

48 (1) For Advanced Placement courses, a score of three or higher on the College
49 Board Advanced Placement Examination.

50 (2) For International Baccalaureate Diploma Programme courses, a score of four
51 or higher on the International Baccalaureate course examination.

- 1 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge
2 AICE program examinations.

3 **SECTION 7A.4.(d)** CTE Bonuses. – For qualifying career and technical education
4 teachers, bonuses shall be provided in the following amounts:

- 5 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
6 by a teacher who provided instruction in a course that led to the attainment of
7 an industry certification or credential with a twenty-five dollar (\$25.00) value
8 ranking as determined under subsection (e) of this section.
9 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
10 teacher who provided instruction in a course that led to the attainment of an
11 industry certification or credential with a fifty dollar (\$50.00) value ranking
12 as determined under subsection (e) of this section.

13 **SECTION 7A.4.(e)** CTE Course Value Ranking. – The Department of Commerce,
14 in consultation with the State Board, shall assign a value ranking for each industry certification
15 and credential based on academic rigor and employment value in accordance with this subsection.
16 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty
17 percent (50%) on employment value. Academic rigor and employment value shall be based on
18 the following elements:

- 19 (1) Academic rigor shall be based on the number of instructional hours, including
20 work experience or internship hours, required to earn the industry certification
21 or credential, with extra weight given for coursework that also provides
22 community college credit.
23 (2) Employment value shall be based on the entry wage, growth rate in
24 employment for each occupational category, and average annual openings for
25 the primary occupation linked with the industry certification or credential.

26 **SECTION 7A.4.(f)** Limitation on Bonus Funds. – Bonus funds awarded to a teacher
27 pursuant to subsection (c) or subsection (d) of this section shall not exceed three thousand five
28 hundred dollars (\$3,500) per subsection in any given school year.

29 **SECTION 7A.4.(g)** Bonuses Not Compensation. – Bonuses awarded to a teacher
30 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives
31 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this
32 section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement
33 System for Teachers and State Employees.

34 **SECTION 7A.4.(h)** Study and Report. – The State Board of Education shall study
35 the effect of the program on teacher performance and retention. The State Board shall report the
36 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the
37 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight
38 Committee, and the Fiscal Research Division by March 15 of each year bonuses are awarded.
39 The report shall include, at a minimum, the following information:

- 40 (1) Number of students enrolled and taking examinations in each of the following
41 categories of courses:
42 a. Advanced Placement.
43 b. International Baccalaureate Diploma Programme.
44 c. Cambridge AICE program.
45 d. Courses needed for the attainment of an industry certification or
46 credential.
47 (2) Number of students receiving outcomes on examinations resulting in the
48 award of a bonus for a teacher in each category of courses identified in
49 sub-subdivision a. of subdivision (1) of this subsection.
50 (3) Number of teachers receiving a bonus in each category of courses identified
51 in sub-subdivision a. of subdivision (1) of this subsection.

- 1 (4) The amounts awarded to teachers for each category of courses identified in
- 2 sub-subdivision a. of subdivision (1) of this subsection.
- 3 (5) The type of industry certifications and credentials earned by the students, the
- 4 value ranking for each certification and credential, the number of bonuses
- 5 earned for each certification or credential, and the total bonus amount awarded
- 6 for each certification or credential.
- 7

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

9 **SECTION 7A.5.(a)** Definitions. – For purposes of this section, the following

10 definitions shall apply:

- 11 (1) Eligible employee. – A person who meets all of the following criteria:
- 12 a. Accepts employment as a teacher with an eligible employer for the
- 13 2021-2022 school year.
- 14 b. Was not employed by the eligible employer identified in
- 15 sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
- 16 c. Is employed by the eligible employer identified in sub-subdivision a.
- 17 of this subdivision as of October 1, 2021.
- 18 (2) Eligible employer. – The governing board of a local school administrative unit
- 19 that receives at least one of the following in the 2021-2022 fiscal year:
- 20 a. Small county school system supplemental funding.
- 21 b. Supplemental funding for local school administrative units in
- 22 low-wealth counties.
- 23 (3) Local funds. – Matching funds provided by an eligible employer to enable an
- 24 eligible employee to qualify for the signing bonus program established by this
- 25 section.
- 26 (4) Teacher. – Teachers and instructional support personnel.

27 **SECTION 7A.5.(b)** Signing Bonus Program. – For the 2021-2022 fiscal year, the

28 Department of Public Instruction shall establish and administer a signing bonus program for

29 teachers. Signing bonuses shall be provided to all eligible employees who are employed by an

30 eligible employer as long as they are matched on the basis of one dollar (\$1.00) in State funds

31 for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in State funds.

32 **SECTION 7A.5.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher

33 who receives a signing bonus pursuant to this section is ineligible to receive another signing

34 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2024,

35 at the earliest. This section shall not apply to any legislatively mandated bonuses received by

36 teachers that are not signing bonuses.

37 **SECTION 7A.5.(d)** Bonuses as Additions. – The bonuses awarded pursuant to this

38 section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled

39 to receive.

40 **SECTION 7A.5.(e)** Not for Retirement. – Notwithstanding G.S. 135-1(7a), the

41 bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135

42 of the General Statutes, Retirement System for Teachers and State Employees.

43 **SECTION 7A.5.(f)** Future Signing Bonuses. – It is the intent of the General

44 Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal

45 year.

PRINCIPAL SALARY SCHEDULE

48 **SECTION 7A.6.(a)** The following annual salary schedule for principals shall apply

49 for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Principal Annual Salary Schedule

51 Avg. Daily Membership	Base	Met Growth	Exceeded Growth
--------------------------	------	------------	-----------------

1	0-200	\$68,806	\$75,687	\$82,567
2	201-400	\$72,246	\$79,471	\$86,695
3	401-700	\$75,687	\$83,256	\$90,824
4	701-1,000	\$79,127	\$87,040	\$94,952
5	1,001-1,600	\$82,567	\$90,824	\$99,080
6	1,601+	\$86,008	\$94,609	\$103,210.

7 A principal's placement on the salary schedule shall be determined according to the
8 average daily membership of the school supervised by the principal, as described in subsection
9 (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for
10 each school the principal supervised in at least two of the prior three school years, as described
11 in subsection (c) of this section, regardless of a break in service, and provided the principal
12 supervised each school as a principal for at least a majority of the school year, as follows:

- 13 (1) A principal shall be paid according to the Exceeded Growth column of the
14 schedule if the school growth scores show the school or schools exceeded
15 expected growth in at least two of the prior three school years.
- 16 (2) A principal shall be paid according to the Met Growth column of the schedule
17 if any of the following apply:
 - 18 a. The school growth scores show the school or schools met expected
19 growth in at least two of the prior three school years.
 - 20 b. The school growth scores show the school or schools met expected
21 growth in at least one of the prior three school years and exceeded
22 expected growth in one of the prior three school years.
 - 23 c. The principal supervised a school in at least two of the prior three
24 school years that was not eligible to receive a school growth score.
- 25 (3) A principal shall be paid according to the Base column if either of the
26 following applies:
 - 27 a. The school growth scores show the school or schools did not meet
28 expected growth in at least two of the prior three years.
 - 29 b. The principal has not supervised any school as a principal for a
30 majority of the school year in at least two of the prior three school
31 years.

32 **SECTION 7A.6.(b)** For purposes of determining the average daily membership of a
33 principal's school, the average daily membership for the school from the 2019-2020 school year
34 shall be used. If the school did not have an average daily membership in the 2019-2020 school
35 year, the projected average daily membership for the school for the 2021-2022 school year shall
36 be used.

37 **SECTION 7A.6.(c)** For purposes of determining the school growth scores for each
38 school the principal supervised in at least two of the prior three school years, school growth
39 scores from the three most recent available school years, up to the 2018-2019 school year, shall
40 be used.

41 **SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
42 annual longevity payments to principals paid on the principal salary schedule, the amounts of
43 those longevity payments are included in the annual amounts under the principal salary schedule.

44 **SECTION 7A.6.(e)** A principal compensated in accordance with this section for the
45 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

- 46 (1) The applicable amount on the salary schedule for the applicable year.
- 47 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
48 the sum of the following:
 - 49 a. The salary the principal received in the 2016-2017 fiscal year pursuant
50 to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

SECTION 7A.6.(f) It is the intent of the General Assembly to implement the following annual salary schedule for principals for the 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$69,494	\$76,443	\$83,393
201-400	\$72,969	\$80,266	\$87,563
401-700	\$76,443	\$84,087	\$91,732
701-1,000	\$79,918	\$87,910	\$95,902
1,001-1,600	\$83,393	\$91,732	\$100,072
1,601+	\$86,868	\$95,555	\$104,242.

BONUSES FOR PRINCIPALS

SECTION 7A.7.(a) No later than October 31, 2021, the Department of Public Instruction shall administer a one-time, lump sum bonus of one thousand eight hundred dollars (\$1,800) to every principal in a public school unit whose salaries are supported from State funds and who, as of October 1, 2021, is employed as a principal in a public school unit.

SECTION 7A.7.(b) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonuses the principal receives or is scheduled to receive.

SECTION 7A.7.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.7.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.8.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus twenty-two percent (22%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.8.(b) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows and Transforming Principal Preparation Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.8.(c) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the

1 amounts of those longevity payments are included in the monthly amounts provided to assistant
 2 principals pursuant to subsection (a) of this section.

3 **SECTION 7A.8.(d)** An assistant principal compensated in accordance with this
 4 section for the 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

- 5 (1) The applicable amount on the salary schedule for the applicable year.
- 6 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
 7 year, the sum of the following:
 - 8 a. The salary the assistant principal received in the 2016-2017 fiscal year
 9 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 10 b. The longevity that the assistant principal would have received as
 11 provided for State employees under the North Carolina Human
 12 Resources Act for the 2016-2017 fiscal year based on the assistant
 13 principal's current years of service.
- 14 (3) For assistant principals who were not eligible for longevity in the 2016-2017
 15 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
 16 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 17 (4) For assistant principals who received a salary supplement based on academic
 18 preparation in the 2020-2021 fiscal year, the salary the assistant principal
 19 received in the 2020-2021 fiscal year pursuant to Section 1 or Section 6 of
 20 S.L. 2020-45.

21
 22 **CENTRAL OFFICE SALARIES**

23 **SECTION 7A.9.(a)** For the 2021-2022 fiscal year, beginning July 1, 2021, the
 24 annual salary for superintendents, assistant superintendents, associate superintendents,
 25 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State
 26 funds, shall be increased by one percent (1%).

27 **SECTION 7A.9.(b)** It is the intent of the General Assembly to increase the annual
 28 salary for superintendents, assistant superintendents, associate superintendents,
 29 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State
 30 funds, for the 2022-2023 fiscal year, beginning July 1, 2022, by one percent (1%).

31 **SECTION 7A.9.(c)** The monthly salary maximums that follow apply to assistant
 32 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
 33 officers for the 2021-2022 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year
	Maximum
36 School Administrator I	\$6,697
37 School Administrator II	\$7,096
38 School Administrator III	\$7,520
39 School Administrator IV	\$7,814
40 School Administrator V	\$8,125
41 School Administrator VI	\$8,608
42 School Administrator VII	\$8,951.

43 The local board of education shall determine the appropriate category and placement
 44 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or
 45 finance officer within the maximums and within funds appropriated by the General Assembly
 46 for central office administrators and superintendents. The category in which an employee is
 47 placed shall be included in the contract of any employee.

48 **SECTION 7A.9.(d)** The monthly salary maximums that follow apply to
 49 superintendents for the 2021-2022 fiscal year, beginning July 1, 2021:

2021-2022 Fiscal Year
Maximum

1	Superintendent I	\$9,488
2	Superintendent II	\$10,054
3	Superintendent III	\$10,657
4	Superintendent IV	\$11,297
5	Superintendent V	\$11,978.

6 The local board of education shall determine the appropriate category and placement
 7 for the superintendent based on the average daily membership of the local school administrative
 8 unit and within funds appropriated by the General Assembly for central office administrators and
 9 superintendents.

10 **SECTION 7A.9.(e)** Longevity pay for superintendents, assistant superintendents,
 11 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
 12 provided for State employees under the North Carolina Human Resources Act.

13 **SECTION 7A.9.(f)** Superintendents, assistant superintendents, associate
 14 superintendents, directors/coordinators, supervisors, and finance officers with certification based
 15 on academic preparation at the six-year degree level shall receive a salary supplement of one
 16 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
 17 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
 18 directors/coordinators, supervisors, and finance officers with certification based on academic
 19 preparation at the doctoral degree level shall receive a salary supplement of two hundred
 20 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
 21 section.

22 **SECTION 7A.9.(g)** The State Board of Education shall not permit local school
 23 administrative units to transfer State funds from other funding categories for salaries for public
 24 school central office administrators.

25 **SECTION 7A.9.(h)** It is the intent of the General Assembly that the monthly salary
 26 maximums that follow shall apply to assistant superintendents, associate superintendents,
 27 directors/coordinators, supervisors, and finance officers for the 2022-2023 fiscal year, beginning
 28 July 1, 2022:

	2022-2023 Fiscal Year
	Maximum
31 School Administrator I	\$6,764
32 School Administrator II	\$7,167
33 School Administrator III	\$7,596
34 School Administrator IV	\$7,893
35 School Administrator V	\$8,207
36 School Administrator VI	\$8,694
37 School Administrator VII	\$9,040.

38 **SECTION 7A.9.(i)** It is the intent of the General Assembly that the monthly salary
 39 maximums that follow shall apply to superintendents for the 2022-2023 fiscal year, beginning
 40 July 1, 2022:

	2022-2023 Fiscal Year
	Maximum
43 Superintendent I	\$9,583
44 Superintendent II	\$10,154
45 Superintendent III	\$10,763
46 Superintendent IV	\$11,410
47 Superintendent V	\$12,097.

48
 49 **NONCERTIFIED PERSONNEL SALARIES**

50 **SECTION 7A.10.(a)** Beginning with the 2021-2022 fiscal year, the State Board of
 51 Education shall increase the minimum of all salary grades and ranges it maintains for noncertified

1 public school employees, as necessary, to achieve a minimum hourly compensation rate of
2 thirteen dollars (\$13.00) per hour.

3 **SECTION 7A.10.(b)** For the 2021-2022 fiscal year, beginning July 1, 2021, the
4 annual salary for noncertified public school employees whose salaries are supported from State
5 funds shall be increased as follows:

6 (1) For permanent, full-time employees on a 12-month contract, by the greater of
7 the following:

8 a. Two and one-half percent (2.5%).

9 b. An amount necessary to increase the minimum hourly compensation
10 rate of the employee to thirteen dollars (\$13.00) per hour pursuant to
11 subsection (a) of this section.

12 (2) For the following employees, by an equitable amount based on the amounts
13 specified in subdivision (1) of this subsection:

14 a. Permanent, full-time employees on a contract for fewer than 12
15 months.

16 b. Permanent, part-time employees.

17 c. Temporary and permanent hourly employees.

18 **SECTION 7A.10.(c)** For the 2022-2023 fiscal year, beginning July 1, 2022, it is the
19 intent of the General Assembly to do the following:

20 (1) Require the State Board of Education to increase the minimum of all salary
21 grades and ranges it maintains for noncertified public school employees, as
22 necessary, to achieve a minimum hourly compensation rate of fifteen dollars
23 (\$15.00) per hour.

24 (2) Increase the annual salary for noncertified public school employees whose
25 salaries are supported from State funds by the greater of the following:

26 a. Two and one-half percent (2.5%).

27 b. An amount necessary to increase the minimum hourly compensation
28 rate of the employee to fifteen dollars (\$15.00) per hour.

30 PAID PARENTAL LEAVE

31 **SECTION 7A.11.(a)** Article 23 of Chapter 115C of the General Statutes is amended
32 by adding a new section to read:

33 **"§ 115C-336.2. Paid parental leave for eligible public school employees.**

34 (a) Definitions. – The following definitions apply in this section:

35 (1) Child. – A newborn biological child or a newly placed adopted, foster, or
36 otherwise legally placed child under the age of 18 whose parent is a public
37 school employee eligible for leave under subsection (c) of this section.

38 (2) Parent. – A parent by childbirth, adoption, foster care, or another legal
39 placement.

40 (3) Public safety concern. – A significant impairment of a local school
41 administrative unit's ability to conduct its operations in a manner that protects
42 the health and safety of the school community.

43 (4) Public school employee. – Any employee of a local school administrative unit.

44 (5) Qualifying event. – When a public school employee becomes a parent to a
45 child.

46 (b) Paid Parental Leave. – The State Board of Education shall adopt rules permitting an
47 eligible public school employee to be granted one of the following types of fully paid parental
48 leave, in accordance with this section:

49 (1) Eight weeks or 320 hours of leave when the public school employee gives
50 birth to a child.

51 (2) Four weeks or 160 hours of leave for any other qualifying event.

1 (c) Eligibility. – To be eligible for the leave provided in subsection (b) of this section, a
2 public school employee shall meet all of the following requirements:

3 (1) Have been continuously employed by the local school administrative unit for
4 at least 12 months immediately preceding the first request for paid parental
5 leave.

6 (2) Meet one of the following requirements:

7 a. Be employed full-time in a permanent, probationary, or time-limited
8 position.

9 b. Be employed on a part-time basis and work at least half-time. A public
10 school employee that is an eligible employee pursuant to this
11 sub-subdivision shall receive parental leave that is prorated based on
12 the amounts provided in subsection (b) of this section.

13 (d) Requirements. – The paid parental leave authorized by this section shall be adopted
14 and implemented by local school administrative units in accordance with the following
15 requirements:

16 (1) Parental leave shall be:

17 a. Granted upon verification of a qualifying event, if the eligible public
18 school employee provides at least 10 weeks' advance notice of the
19 employee's intention to use parental leave, unless there is good cause
20 for not giving timely advance notice.

21 b. Used by the eligible public school employee within 12 months of the
22 qualifying event.

23 c. In addition to, and not in lieu of, shared leave under G.S. 115C-12.2
24 and other leave authorized by federal or State law.

25 d. Available without exhaustion of the employee's sick and vacation
26 leave.

27 (2) Parental leave may be granted subject to public safety concerns, which shall
28 be addressed by the local school administrative unit in the discretion of the
29 unit in a manner that is appropriate and equitable.

30 (3) Parental leave may not be used for retirement purposes.

31 (4) Parental leave shall have no cash value upon termination from State
32 employment.

33 (e) Statutory Construction. – This section is consistent with and does not abridge federal
34 or State law. Nothing in this section shall be construed to provide a private right of action."

35 **SECTION 7A.11.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

36 "(47) Duty to Adopt Paid Parental Leave Rules. – The State Board of Education, in
37 consultation with the State Human Resources Commission, shall adopt rules
38 providing for paid parental leave in accordance with G.S. 115C-336.2."

39 **SECTION 7A.11.(c)** G.S. 115C-336.1 reads as rewritten:

40 "**§ 115C-336.1. ~~Parental~~ Additional parental leave.**

41 ~~A~~In addition to paid parental leave provided pursuant to G.S. 115C-336.2, a school employee
42 may use annual leave or leave without pay to care for a newborn child or for a child placed with
43 the employee for adoption or foster care. A school employee may also use up to 30 days of sick
44 leave to care for a child placed with the employee for adoption. The leave may be for consecutive
45 workdays during the first 12 months after the date of birth or placement of the child, unless the
46 school employee and the local board of education agree otherwise."

47 **SECTION 7A.11.(d)** G.S. 115C-302.1(j) reads as rewritten:

48 "(j) Additional Parental Leave. – ~~A~~In addition to paid parental leave provided pursuant
49 to G.S. 115C-336.2, a teacher may use annual leave, personal leave, or leave without pay to care
50 for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher
51 may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption.

1 The leave may be for consecutive workdays during the first 12 months after the date of birth or
2 placement of the child, unless the teacher and local board of education agree otherwise."

3 **SECTION 7A.11.(e)** This section is effective when this act becomes law and applies
4 beginning with the 2021-2022 school year.

6 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

8 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

9 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the
10 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with
11 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if
12 the interest income generated from the Escheat Fund is less than the amounts referenced in this
13 act, the difference may be taken from the Escheat Fund principal to reach the appropriations
14 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
15 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat
16 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,
17 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount
18 of the Escheat Fund income for that fiscal year.

19 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall
20 conduct periodic evaluations of expenditures of the student financial aid programs administered
21 by the Authority to determine if allocations are utilized to ensure access to institutions of higher
22 education and to meet the goals of the respective programs. The Authority may make
23 recommendations for redistribution of funds to the President of The University of North Carolina
24 and the President of the Community College System regarding their respective student financial
25 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal
26 year.

28 **IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE**

29 **SECTION 8.2.(a)** G.S. 116-143.3A reads as rewritten:

30 "**§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**
31 **individuals.**

32 ...

33 (b) Waiver of 12-month residency requirement for certain veterans and other Certain
34 Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for
35 admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to
36 be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent
37 required by ~~Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as~~
38 ~~amended,~~ 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under
39 G.S. 116-143.1, provided the individual meets all of the following criteria:

40 ...

41 (d) ~~After the expiration of the three year period following discharge as described in 38~~
42 ~~U.S.C. § 3679(e), any enrolled individual who is eligible for in-State tuition under this section~~
43 ~~shall continue to be eligible for the in-State tuition rate so long as the covered individual remains~~
44 ~~continuously enrolled (other than during regularly scheduled breaks between courses, quarters,~~
45 ~~terms, or semesters) at that institution of higher education.~~

46"

47 **SECTION 8.2.(b)** This section is effective when it becomes law.

49 **PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

50 **SECTION 8.3.(a)** Program Established. – Of the funds appropriated by this act for
51 the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina

1 for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of
2 Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and
3 (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of
4 establishing and administering scholarships under the Program, originally established pursuant
5 to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.

6 **SECTION 8.3.(b)** Purpose of the Program. – The Patriot Foundation and the Marine
7 Corps Scholarship Foundation, Inc., respectively, shall provide for scholarships to eligible
8 children and eligible spouses of certain veterans, eligible children of certain currently serving
9 members of the Armed Forces, and eligible disabled veterans to attend eligible postsecondary
10 institutions in accordance with the requirements of this section.

11 **SECTION 8.3.(c)** Definitions. – For the purposes of this section, the following
12 definitions apply:

- 13 (1) Armed Forces. – A component of the United States Army, Navy, Marine
14 Corps, Air Force, and Coast Guard, including their reserve components.
- 15 (2) Eligible child or eligible children. – Any person (i) who is attending or has
16 been accepted to enroll in an eligible postsecondary institution, (ii) who is a
17 legal resident of North Carolina when scholarship documentation is
18 completed, provided that if a child is claimed as a dependent by the child's
19 parent, residency may be established based on a parent meeting
20 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has
21 complied with the requirements of the Selective Service System, if applicable,
22 and (iv) whose parent is a veteran or a currently serving member of the Armed
23 Forces that meets the following:
- 24 a. Meets one of the following residency conditions:
- 25 1. Is a resident of North Carolina at the time of scholarship
26 documentation completion.
 - 27 2. Was a resident of North Carolina at the time of entrance into
28 service in the Armed Forces.
 - 29 3. Was permanently stationed in North Carolina at the time of his
30 or her death.
 - 31 4. Is an active duty service member permanently stationed in
32 North Carolina at the time of documentation completion.
- 33 b. Meets one of the following service conditions:
- 34 1. Was a member of the Armed Forces who was killed in action
35 or in the line of duty, or died of wounds or other causes not due
36 to the service member's willful misconduct during a period of
37 war, national emergency, or training in preparation for future
38 conflicts and is a direct result of service in the line of duty.
 - 39 2. Was a member of the Armed Forces who died of
40 service-connected injuries, wounds, illness, or other causes
41 incurred or aggravated while a member of the Armed Forces
42 during a period of war, national emergency, or training in
43 preparation for future conflicts and is a direct result of service
44 in the line of duty. Standard documentation of the parent's
45 death, wounds, injury, or illness must be supplied by a
46 scholarship recipient at the time of scholarship request.
 - 47 3. Is a veteran of the Armed Forces who incurred traumatic
48 injuries or wounds or sustained a major illness while a member
49 of the Armed Forces during a period of war or national
50 emergency and is receiving compensation for a wartime

- 1 service-connected disability of at least fifty percent (50%) as
2 rated by the U.S. Department of Veterans Affairs.
- 3 4. Is a current member of the Armed Forces who incurred
4 traumatic injuries or wounds or sustained a major illness while
5 a member of the Armed Forces during a period of war, national
6 emergency, or training in preparation for future conflicts and
7 is a direct result of service in the line of duty. The parent's
8 traumatic wounds, injury, or major illness must be documented
9 by the member's Unit Commander.
- 10 (3) Eligible disabled veteran. – Any person who is (i) a veteran of the Armed
11 Forces who incurred traumatic injuries or wounds or sustained a major illness
12 while a member of the Armed Forces during a period of war or national
13 emergency and is receiving compensation for a wartime service-connected
14 disability of at least fifty percent (50%) as rated by the U.S. Department of
15 Veterans Affairs, (ii) a resident of North Carolina when scholarship
16 documentation is completed, and (iii) is attending or has been accepted to
17 enroll in an eligible postsecondary institution.
- 18 (4) Eligible postsecondary institution. – A school that is any of the following:
19 a. A constituent institution of The University of North Carolina.
20 b. A community college under the jurisdiction of the State Board of
21 Community Colleges.
22 c. A private educational institution as defined in G.S. 143B-1224.
23 d. A private vocational institution, including Federal Aviation
24 Administration certificated aviation training programs.
- 25 (5) Eligible spouse. – Any person (i) who is attending or has been accepted to
26 enroll in an eligible postsecondary institution, (ii) who is a legal resident of
27 North Carolina when scholarship documentation is completed, (iii) who has
28 complied with the requirements of the Selective Service System, if applicable,
29 and (iv) whose spouse meets one of the conditions set forth in
30 sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of
31 this subsection.
- 32 (6) Veteran. – An individual who has served and is no longer serving in the Armed
33 Forces of the United States. For the purposes of this section, the veteran must
34 have separated from the Armed Forces under honorable conditions or whose
35 death or disability of at least fifty percent (50%) or more was incurred as a
36 direct result of service in the line of duty.

37 **SECTION 8.3.(d)** Administration; Awards. – Within the funds made available for
38 the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each
39 separately administer and award scholarships to eligible applicants in accordance with the
40 requirements of the North Carolina Patriot Star Family Scholarship Program. In administering
41 the Program, each nonprofit corporation shall be responsible for Program oversight for the
42 scholarships awarded through its organization to ensure compliance with the provisions of this
43 section.

44 Each nonprofit corporation shall, at a minimum, establish criteria and procedures
45 related to scholarship documentation completion, the amount of individual scholarships, the
46 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the
47 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its
48 administration of the Program.

49 If an eligible child or eligible spouse receives a scholarship or other grant covering
50 the cost of attendance at an eligible postsecondary institution for which the scholarship is
51 awarded, then the amount of a scholarship awarded under this section shall be reduced so that

1 the sum of all grants and scholarships covering the cost of attendance received by the eligible
2 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes
3 of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and
4 school-related expenses, including laptops, equipment, tutoring support, as well as room and
5 board as long as the scholarship recipient is enrolled as at least a half-time student at the
6 institution. Off-campus housing costs for room and board are also included to the extent the
7 eligible postsecondary institution includes it in its cost of attendance.

8 **SECTION 8.3.(e) Reporting.** – The Patriot Foundation shall submit a report by April
9 1 of each year in which the Patriot Foundation spends State funds made available for the Program
10 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
11 activities related to the Program and the use of the State funds.

12 The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of
13 each year in which the Marine Corps Scholarship Foundation spends State funds made available
14 for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research
15 Division on the activities related to the Program and the use of the State funds.

16 17 **FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS**

18 **SECTION 8.5.** Of the funds appropriated by this act to the Board of Governors for
19 the 2022-2023 fiscal year for the study of Falls Lake, any unexpended funds remaining at the end
20 of the 2022-2023 fiscal year shall not revert to the General Fund but shall remain available for
21 expenditure for the purposes of studying and analyzing nutrient management strategies and
22 compiling existing water quality data of Falls Lake pursuant to Section 14.13(c) of S.L. 2016-94,
23 as amended by Section 13.18(a) of S.L. 2018-5, until December 31, 2023.

24 25 **ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS**

26 **SECTION 8.7.(a)** G.S. 116-143.6 reads as rewritten:

27 "**§ 116-143.6. Full scholarship students attending constituent institutions.**

28 (a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent
29 institution of The University of North Carolina elects to do so, it may by resolution adopted
30 consider as residents of North Carolina all persons who receive full scholarships, ~~unless the~~
31 ~~scholarship is for athletics,~~ scholarships to the institution from entities recognized by the
32 institution and attend the institution as undergraduate students. The aforesaid persons shall be
33 considered residents of North Carolina for all purposes by The University of North Carolina.

34 (b) The following definitions apply in this section:

35 (1) "Full cost" means an amount calculated by the constituent institution that is
36 no less than the sum of tuition, required fees, and on-campus room and board.

37 (2) "Full scholarship" means a grant that meets the full cost for a student to attend
38 the constituent institution for an academic year.

39 (c) This section shall not be applied in any manner that violates federal law.

40 ~~(d) This section shall be administered by the electing constituent institution so as to have~~
41 ~~no fiscal impact.~~

42 (e) In administering this section, the electing constituent institution shall maintain at least
43 the current number of North Carolina residents admitted to that constituent institution.

44 (f) A change in residency status under this section shall not impact the financial aid
45 amount a student is able to receive as determined by the Free Application for Federal Student
46 Aid."

47 **SECTION 8.7.(b)** This section applies beginning with the 2021-2022 academic year.

48 49 **COLLABORATORY/FIREFIGHTING FOAM REGISTRY/PFAS BAN**

50 **SECTION 8.10.(a)** Chapter 58 of the General Statutes is amended by adding a new
51 Article to read:

"Article 82B."Management of Aqueous Film-Forming Foams."§ 58-82B-1. Findings.

The General Assembly finds that certain firefighting foams used to fight Class B fires, often referred to as Aqueous Film-Forming Foams (AFFF), are critical for fire suppression and public safety. However, because many AFFF could contain per- and poly-fluoroalkyl substances, certain foams may require additional research, oversight, and management. The General Assembly further finds that accurate and comprehensive reporting of the use of AFFF by fire departments throughout the State is essential in order to appropriately manage the potential impacts of AFFF on the environment and public health.

"§ 58-82B-5. Reporting requirement.

Fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, in partnership with the Office of the State Fire Marshal (OSFM), shall, no later than July 1, 2022, and annually thereafter, do all of the following:

- (1) Provide an inventory of all AFFF at each department.
- (2) Identify all AFFF no longer utilized at each department that should be properly disposed of.
- (3) Report annually in summary form and within 15 days individually every incident where AFFF were deployed. Both the annual summary report and the individual incident reports shall utilize the online portal created as directed by G.S. 58-82B-10.

"§ 58-82B-10. Duties of Office of the State Fire Marshal.

The Office of the State Fire Marshal (OSFM) shall do all of the following:

- (1) Educate and inform every fire department it regulates of the reporting requirements imposed by this Article.
- (2) Assist the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill in the development of an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.
- (3) Adopt rules to implement the requirements of this Article. OSFM may adopt temporary rules and shall adopt permanent rules no later than July 1, 2022.

"§ 58-82B-15. Report.

The Office of the State Fire Marshal (OSFM) shall report annually to the Environmental Review Commission no later than September 1 of each year on the utilization and inventory of AFFF by fire departments across the State during the previous fiscal year based on the reporting requirements of this Article."

SECTION 8.10.(b) The North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory), in partnership with the Office of the State Fire Marshal (OSFM) and any unit of State and local government deemed relevant by the Collaboratory, shall develop and maintain the online reporting portal as required by G.S. 58-82B-10, as enacted by subsection (a) of this section. The portal shall consist of an online reporting tool and related database that captures the storage and deployment of Aqueous Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or overseen by units of local government, including those located at or serving public airports. The reporting tool shall be easily accessible to firefighters and fire department personnel to upload the data. The required inventory data shall include, at a minimum, the following:

- (1) The number of trucks at each department that carry AFFF and the volume, trade name, and Chemical Abstract Service (CAS) number of the AFFF on each truck.

- 1 (2) The fire station, including street address, where each truck is located.
- 2 (3) The volume, trade name, and CAS number of AFFF stored by each fire
3 department or unit of local government at a station or other location, as well
4 as the address of each location where AFFF are stored.
- 5 (4) The volume, trade name, and CAS number of AFFF products that are no
6 longer utilized and could be removed from inventory for disposal.
- 7 (5) The volume of AFFF used by each fire department annually, including all of
8 the following:
 - 9 a. The date, time, and location, including street address and global
10 positioning system (GPS) coordinates, where AFFF was deployed and
11 the trade name and CAS number of the AFFF used.
 - 12 b. The total volume of AFFF deployed, including gallons of foam and
13 gallons of water and total concentration of foam.
 - 14 c. The reason for the deployment of AFFF, such as firefighting, fire
15 prevention, other emergency response actions intended to protect
16 property or public safety, training, or an accidental spill.
- 17 (6) A photograph of the label and the container of the foam. For the purpose of
18 this subdivision, a photograph includes an electronic image produced by the
19 camera of an electronic device.
- 20 (7) Any other data deemed relevant by the Collaboratory to establish a statewide
21 inventory of AFFF used for fighting fires or firefighter training.

22 OSFM and all units of local government shall provide any information or assistance
23 requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data
24 required by this section. The tool and database required by this section shall be online and
25 operational no later than June 1, 2022.

26 **SECTION 8.10.(c)** Article 21A of Chapter 143 of the General Statutes is amended
27 by adding a new Part to read:

28 "Part 8. Responsible Firefighting Foam Management Act.

29 **"§ 143-215.104LL. Definitions.**

30 The following definitions apply in this Part:

- 31 (1) Class B firefighting foam. – Foams designed for flammable liquid fires.
- 32 (2) PFAS chemicals. – Per-fluoroalkyl and poly-fluoroalkyl substances that are a
33 group of manufactured chemicals containing at least two fully fluorinated
34 carbon atoms, excluding polymers, gases, and volatile liquids, and designed
35 to be fully functional in Class B firefighting foam.
- 36 (3) Testing. – Any calibration, conformance, or fixed system testing of Class B
37 firefighting foam.
- 38 (4) Testing facility. – A facility that allows the discharge of Class B firefighting
39 foam for testing in nonemergency situations.

40 **"§ 143-215.104MM. Prohibition of certain firefighting foams for training, practice, or**
41 **testing.**

42 (a) No person, local government, or State agency may discharge for training or practice
43 purposes Class B firefighting foam that contains intentionally added PFAS chemicals.

44 (b) No person, local government, or State agency may discharge for testing purposes
45 Class B firefighting foam that contains intentionally added PFAS chemicals unless otherwise
46 required by law or an authority having jurisdiction and a testing facility has implemented
47 appropriate containment, treatment, and disposal measures to prevent releases of Class B
48 firefighting foam into the environment.

49 (c) Non-fluorinated training foams or other non-fluorinated surrogates shall be used for
50 firefighting training, and training shall be conducted under conditions conducive to the collection
51 of spent foam regardless of foam type.

1 (d) The Office of the State Fire Marshal may adopt rules to implement this Part."

2 **SECTION 8.10.(d)** This section is effective the date this act becomes law.

3
4 **AP FEES FOR NCSSM/UNCSA HS STUDENTS**

5 **SECTION 8.13.(a)** Part 5 of Article 1 of Chapter 116 of the General Statutes is
6 amended by adding a new section to read:

7 "**§ 116-43.30. Advanced Placement courses for secondary school students.**

8 (a) It is the intent of the State to enhance accessibility and encourage secondary school
9 students to enroll in and successfully complete more rigorous Advanced Placement courses to
10 enable success in postsecondary education for all students. To attain this goal, to the extent funds
11 are made available for this purpose, secondary school students enrolled in the North Carolina
12 School of Science and Mathematics and the University of North Carolina School of the Arts shall
13 be exempt from paying any fees for registration and administration of examinations for Advanced
14 Placement courses in which the student is enrolled, regardless of the score the student achieves
15 on an examination.

16 (b) The University of North Carolina System Office shall report annually by December
17 15 to the Senate Appropriations Committee on Education/Higher Education, the House
18 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative
19 Education Oversight Committee on Advanced Placement course information for the North
20 Carolina School of Science and Mathematics and the University of North Carolina School of the
21 Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

22 (1) Number of students enrolled in Advanced Placement courses and participating
23 in Advanced Placement course examinations, including demographic
24 information by gender and race.

25 (2) Student performance on Advanced Placement course examinations, including
26 information by course and school.

27 (3) Amount of State funds expended for fees for Advanced Placement courses by
28 school."

29 **SECTION 8.13.(b)** The initial report required pursuant to G.S. 116-43.30(b) shall
30 be submitted to the Senate Appropriations Committee on Education/Higher Education, the House
31 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative
32 Education Oversight Committee by December 15, 2022.

33
34 **UNC PROGRAM OUTCOME REPORTING**

35 **SECTION 8.14.** G.S. 116-11 is amended by adding a new subdivision to read:

36 "(9c) Reports on State-funded programs. – Beginning October 1, 2022, and annually
37 thereafter, The University of North Carolina System Office shall file a report
38 with the Senate Appropriations Committee on Education/Higher Education,
39 the House Appropriations Committee on Education, the Fiscal Research
40 Division, and the Joint Legislative Education Oversight Committee for all
41 programs administered through The University of North Carolina that were
42 provided an expansion of State appropriations or a new State appropriation in
43 the Current Operations Appropriations Act from the prior fiscal year,
44 including grants to non-State entities as defined in G.S. 143C-1-1. The report
45 shall include information on program activities, objectives, and
46 accomplishments and prior year State fiscal year itemized expenditures and
47 fund sources. The System Office is not required to include information in the
48 report for programs with an existing reporting requirement otherwise required
49 by State law."

50
51 **CHANGES TO UNC CARRYFORWARD AUTHORITY**

1 Trustees of the University of North Carolina at Greensboro that are consistent with the
2 requirements of this Article.

3 **"§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established;**
4 **administration of fund.**

5 (a) Fund Established. – There is established the Comprehensive Transition
6 Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this
7 Article. All funds appropriated for the program, all returned scholarship monies, and all interest
8 earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the
9 end of each fiscal year shall not revert to the General Fund but shall remain available for the
10 award of scholarships under this Article.

11 (b) Administration of Fund. – The University of North Carolina System Office, in
12 collaboration with the University of North Carolina at Greensboro, shall administer the CTP
13 Scholarship Fund.

14 **"§ 116-297. Student eligibility; award of scholarships.**

15 (a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet
16 all of the following conditions:

17 (1) Qualify as a resident for tuition purposes under the criteria set forth in
18 G.S. 116-143.1 and in accordance with the coordinated and centralized
19 residency determination process administered by the State Education
20 Assistance Authority.

21 (2) Meet enrollment standards by being admitted, enrolled, and classified as a
22 full-time student in the Integrative Community Studies CTP Program at the
23 University of North Carolina at Greensboro.

24 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate
25 need according to the federal methodology in Title IV of the Higher Education
26 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

27 (b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in
28 the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under
29 G.S. 116-296, scholarships shall be awarded to eligible students in an amount to cover the cost
30 of attendance in the CTP program at the University of North Carolina at Greensboro. If a student
31 who is eligible for a scholarship under this section also receives a scholarship or other grant
32 covering the cost of attendance, then the amount of the scholarship shall be reduced by an
33 appropriate amount determined by the University of North Carolina at Greensboro so that the
34 total amount of scholarships and grants received by the student does not exceed the cost of
35 attendance. The cost of attendance shall be determined by the University of North Carolina at
36 Greensboro. In the event there are not sufficient funds available for scholarships for each eligible
37 student to cover the cost of attendance, the University of North Carolina at Greensboro may
38 adjust the distribution of the amount of scholarships as necessary in an academic year."

39 **SECTION 8.16.(b)** This section becomes effective beginning with the 2022-2023
40 academic year.

41
42 **UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT**

43 **SECTION 8.17.(a)** The Board of Governors of The University of North Carolina
44 shall contract with an independent research organization to conduct an evaluation of its current
45 programs at each constituent institution of The University of North Carolina related to its
46 operational costs, student outcomes, and return on investment (ROI) of each program. The
47 evaluation conducted by the independent research organization shall include an analysis of at
48 least the following information by constituent institution and undergraduate and graduate degree
49 programs:

50 (1) The number of students in each program.

51 (2) The number of faculty and other staff employed for each program.

- 1 (3) The related costs to operate each program, inclusive of total staff
2 compensation and benefits, facility costs, and any other related expenses,
3 including overhead.
- 4 (4) A detailed correlation between degree of study and directly related career roles
5 and associated expected starting compensation, as well as expected career
6 earnings for students upon completion of those programs.
- 7 (5) A detailed ROI for each program.
- 8 (6) ROI for State funding expenditures.
- 9 (7) ROI for student funding expenditures.

10 **SECTION 8.17.(b)** By September 1, 2023, the Board of Governors shall report to
11 the Senate Appropriations Committee on Education/Higher Education, the House Appropriations
12 Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal
13 Research Division of the General Assembly on the results of the evaluation conducted by the
14 independent research organization pursuant to subsection (a) of this section.

16 **COLLABORATORY/STUDY OF A CYANOBACTERIAL ALGAL BLOOM** 17 **TREATMENT**

18 **SECTION 8.18.(a)** Findings. – The General Assembly finds it is in the best interests
19 of the State, upon consideration of bids and proposals by any agencies of the State bound by the
20 North Carolina Administrative Code on procurement, to remediate and prevent cyanobacterial
21 harmful algal blooms in the lakes and reservoirs of North Carolina by selecting an in situ
22 treatment of the nutrient impaired surface waters in lakes and reservoirs through giving
23 preference to those vendors who comply with the following specifications, which is to be
24 considered as constituting the best practices for cyanobacterial harmful algal bloom remediation
25 and prevention in North Carolina waters:

- 26 (1) The technology employed must be approved by the United States
27 Environmental Protection Agency and certified to meet or exceed The
28 American National Standards for health effects of drinking water treatment
29 chemicals (NSF/ANSI/CAN 60) and be registered for application by the State.
- 30 (2) A vendor must have previous experience treating water bodies larger than
31 1,000 acres with proven success in the United States.
- 32 (3) A treatment aim must be to reduce cyanotoxins in the water to less than
33 harmful levels.
- 34 (4) A treatment technology employed must be ready to use without limitation of
35 size or shape of the waterbody.
- 36 (5) A preference must be given to employment of technology allowing for
37 application under emergency situations and within less than 96 hours from
38 approval.
- 39 (6) A preference must be given to products that are modular and can be used as a
40 preventative measure.
- 41 (7) A preference must be given to products that are quick and easy to apply and
42 are safe to the applicator.
- 43 (8) A preference must be given to products that float on the surface of the water
44 and do not sink immediately to the bottom of the water column and are not
45 diminished in effectiveness by mixing with sediment.
- 46 (9) A preference must be given to products that are distributed autonomously
47 across the water body after a localized application.
- 48 (10) A preference must be given to products with a time release mechanism that
49 applies constant and prolonged oxidative stress of the cyanobacteria triggered
50 by the programmed cell death signaling cascade resulting in their collapse.
- 51 (11) A preference must be given for products manufactured in the United States.

1 **SECTION 8.18.(b)** The North Carolina Policy Collaboratory at the University of
2 North Carolina at Chapel Hill (Collaboratory) shall evaluate the effectiveness and efficacy of an
3 approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on
4 cyanobacterial harmful algal blooms under subsection (a) of this section. The Collaboratory shall
5 report the results of the evaluation no later than April 1, 2023, to the Joint Legislative Oversight
6 Committee on Agriculture and Natural and Economic Resources; the chairs of the House of
7 Representatives Appropriations Committee on Agriculture and Natural and Economic
8 Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and
9 Economic Resources; and the Fiscal Research Division.

10
11 **NC PATRIOT STAR FAMILY RECOVERY SCHOLARSHIP PROGRAM**

12 **SECTION 8.19.(a)** Program Established. – Of the funds appropriated by this act
13 from the State Fiscal Recovery Fund to the Board of Governors of The University of North
14 Carolina for the North Carolina Patriot Star Family Recovery Scholarship Program (Program),
15 the Board of Governors shall make funds available to the Patriot Foundation, a nonprofit
16 corporation, for the purpose of establishing and administering scholarships under the NC Patriot
17 Star Family Recovery Scholarship Program in accordance with the requirements of this section.

18 **SECTION 8.19.(b)** Purpose of the Program. – The Patriot Foundation shall provide
19 for scholarships under the Program to eligible children, eligible spouses of certain veterans,
20 eligible children of certain currently serving members of the Armed Forces, and eligible disabled
21 veterans to attend eligible postsecondary institutions to help remediate the impacts of the
22 COVID-19 pandemic so that individuals who meet certain income criteria can recover learning
23 and achieve credential and degree attainment.

24 **SECTION 8.19.(c)** Definitions. – For the purposes of this section, the following
25 definitions apply:

- 26 (1) Armed Forces. – A component of the United States Army, Navy, Marine
27 Corps, Air Force, and Coast Guard, including their reserve components.
- 28 (2) Eligible child or eligible children. – Any person (i) who is a legal resident of
29 North Carolina when scholarship documentation is completed, provided that
30 if a child is claimed as a dependent by the child's parent, residency may be
31 established based on a parent meeting sub-sub-subdivision 4. of
32 sub-subdivision a. of this subdivision, and (ii) whose parent is a veteran or a
33 currently serving member of the Armed Forces that meets the following:
- 34 a. Meets one of the following residency conditions:
- 35 1. Is a resident of North Carolina at the time of scholarship
36 documentation completion.
- 37 2. Was a resident of North Carolina at the time of entrance into
38 service in the Armed Forces.
- 39 3. Was permanently stationed in North Carolina at the time of his
40 or her death.
- 41 4. Is an active duty service member permanently stationed in
42 North Carolina at the time of documentation completion.
- 43 b. Meets one of the following service conditions:
- 44 1. Was a member of the Armed Forces who was killed in action
45 or in the line of duty or died of wounds or other causes not due
46 to the service member's willful misconduct during a period of
47 war, national emergency, or training in preparation for future
48 conflicts and is a direct result of service in the line of duty.
- 49 2. Was a member of the Armed Forces who died of
50 service-connected injuries, wounds, illness, or other causes
51 incurred or aggravated while a member of the Armed Forces

- 1 during a period of war, national emergency, or training in
 2 preparation for future conflicts and is a direct result of service
 3 in the line of duty. Standard documentation of the parent's
 4 death, wounds, injury, or illness must be supplied by a
 5 scholarship recipient at the time of scholarship request.
- 6 3. Is a veteran of the Armed Forces who incurred traumatic
 7 injuries or wounds or sustained a major illness while a member
 8 of the Armed Forces during a period of war, national
 9 emergency, or training in preparation for future conflicts and
 10 is a direct result of service in the line of duty and is receiving
 11 compensation for a wartime service-connected disability of at
 12 least fifty percent (50%) as rated by the U.S. Department of
 13 Veterans Affairs.
- 14 4. Is a current member of the Armed Forces who incurred
 15 traumatic injuries or wounds or sustained a major illness while
 16 a member of the Armed Forces during a period of war or
 17 national emergency. The parent's traumatic wounds, injury, or
 18 major illness must be documented by the member's Unit
 19 Commander.
- 20 (3) Eligible disabled veteran. – Any person who (i) is a veteran of the Armed
 21 Forces who incurred traumatic injuries or wounds or sustained a major illness
 22 while a member of the Armed Forces during a period of war or national
 23 emergency and is receiving compensation for a wartime service-connected
 24 disability of at least fifty percent (50%) as rated by the U.S. Department of
 25 Veterans Affairs and (ii) is a resident of North Carolina at the time of
 26 scholarship documentation completion.
- 27 (4) Eligible postsecondary institution. – A school that is any of the following:
 28 a. A constituent institution of The University of North Carolina.
 29 b. A community college under the jurisdiction of the State Board of
 30 Community Colleges.
 31 c. A private educational institution as defined in G.S. 143B-1224.
 32 d. A private vocational institution, including Federal Aviation
 33 Administration certificated aviation training programs.
- 34 (5) Eligible spouse. – Any person (i) who is a legal resident of North Carolina
 35 when scholarship documentation is completed and (ii) whose spouse meets
 36 one of the conditions set forth in sub-sub-subdivisions 1. through 3. of
 37 sub-subdivision b. of subdivision (2) of this subsection.
- 38 (6) Veteran. – An individual who has served and is no longer serving in the Armed
 39 Forces of the United States. For the purposes of this section, the veteran must
 40 have separated from the Armed Forces under honorable conditions or whose
 41 death or disability of at least fifty percent (50%) or more was incurred as a
 42 direct result of service in the line of duty.

43 **SECTION 8.19.(d)** Other Eligibility Requirements. – Any eligible child, eligible
 44 spouse, or eligible disabled veteran shall also meet the following conditions to be eligible for a
 45 scholarship under the Program:

- 46 (1) Has a household income of less than three hundred fifty percent (350%) of the
 47 federal poverty level. Benefits received by a veteran under 38 U.S.C. § 2101
 48 shall not be included in calculating the income level of an applicant's
 49 household for the purposes of determining eligibility for a scholarship under
 50 the Program. An applicant shall provide any financial information necessary

1 to the Patriot Foundation for the purposes of calculating income eligibility
2 under this subdivision.

3 (2) Is attending or has been accepted to enroll in an eligible postsecondary
4 institution.

5 (3) Has complied with the requirements of the Selective Service System, if
6 applicable.

7 **SECTION 8.19.(e)** Administration; Awards. – Within the funds made available for
8 the Program, the Patriot Foundation shall administer and award scholarships to eligible applicants
9 in accordance with the requirements of the Program. In administering the Program, the Patriot
10 Foundation shall be responsible for Program oversight for the scholarships awarded through its
11 organization to ensure compliance with the provisions of this section. The Patriot Foundation
12 may contract with the State Education Assistance Authority (Authority) for administrative
13 assistance for the Program. The Patriot Foundation may use funds allocated to it under this
14 section for any administrative costs associated with a contract with the Authority.

15 The Patriot Foundation shall, at a minimum, establish criteria and procedures related
16 to scholarship documentation completion, the amount of individual scholarships, the permissible
17 uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for
18 a revocation of a scholarship, and any other procedures it deems necessary for its administration
19 of the Program.

20 If a scholarship recipient receives a scholarship or other grant covering the cost of
21 attendance at an eligible postsecondary institution for which the scholarship is awarded, then the
22 amount of a scholarship awarded under this section shall be reduced so that the sum of all grants
23 and scholarships covering the cost of attendance received by the recipient does not exceed the
24 cost of attendance for the institution. For the purposes of this section, cost of attendance shall
25 include monies for tuition, fees, books, supplies, and school-related expenses, including laptops,
26 equipment, tutoring support, as well as room and board as long as the scholarship recipient is
27 enrolled as at least a half-time student at the institution. Off-campus housing costs for room and
28 board are also included to the extent the eligible postsecondary institution includes it in its cost
29 of attendance.

30 **SECTION 8.19.(f)** Reporting. – The Patriot Foundation shall submit a report by
31 April 1 of each year in which the Patriot Foundation spends federal funds made available for the
32 Program to the Joint Legislative Education Oversight Committee and the Fiscal Research
33 Division on the activities related to the Program and the use of the funds through the deadline
34 established by federal law and guidelines.

36 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

38 **TUITION GRANTS FOR NCSSM/UNCSA GRADUATES**

39 **SECTION 8A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
40 adding a new Part to read:

41 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and
42 Mathematics and the University of North Carolina School of the Arts.

43 "**§ 116-209.90. Tuition grants for graduates to attend an eligible institution of higher**
44 **education.**

45 (a) Within the funds available, a high school graduate from the North Carolina School of
46 Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts
47 (UNCSA) in each school year, beginning with the 2020-2021 school year, who meets the
48 following conditions shall be eligible for a tuition grant awarded under this Part:

49 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1
50 and in accordance with the coordinated and centralized residency
51 determination process administered by the Authority.

1 (2) Enrolls as a full-time student in an eligible institution of higher education in
2 the next academic year after graduation.

3 Students who receive initial tuition grants as a cohort of a high school graduating class of
4 NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic
5 years for up to a total of four academic years. A student must be continuously enrolled in an
6 eligible institution of higher education after the award of the initial tuition grant to be eligible for
7 tuition grants in subsequent academic years. The Authority shall have the discretion to waive this
8 requirement if the student is able to demonstrate that any of the following have substantially
9 disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii)
10 serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary
11 hardship.

12 (b) For the purposes of this Part, "an eligible institution of higher education" shall mean
13 a constituent institution of The University of North Carolina or a private postsecondary institution
14 located in North Carolina as described in G.S. 116-280(3). The amount of the tuition grant to
15 each graduate shall be determined and distributed as provided in G.S. 116-209.91.

16 **"§ 116-209.91. Administration of tuition grants.**

17 (a) The Authority shall administer the tuition grants provided for in this Part pursuant to
18 guidelines and procedures established by the Authority consistent with its practices for
19 administering State-funded financial aid. The guidelines and procedures shall include an
20 application process and schedule, notification and disbursement procedures, standards for
21 reporting, and standards for return of tuition grants when a student withdraws. The Authority
22 shall not approve any grant until it receives proper certification from the appropriate eligible
23 institution of higher education that the student applying for the grant is an eligible student. Upon
24 receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant
25 to the eligible institution of higher education on behalf, and to the credit, of the student. In the
26 event a student on whose behalf a tuition grant has been paid is not enrolled and carrying a
27 minimum academic load as of the tenth classroom day following the beginning of the school
28 term for which the tuition grant was paid, the eligible institution of higher education shall refund
29 the full amount of the tuition grant to the Authority.

30 (b) Except as otherwise provided in this section, the amount of the grant awarded to a
31 student shall cover (i) to attend a constituent institution, the tuition cost at the constituent
32 institution in which the student is enrolled or (ii) to attend a private postsecondary institution
33 located in North Carolina, the tuition cost, in whole or in part, at the private postsecondary
34 institution in an amount up to the highest amount of undergraduate resident tuition charged at a
35 constituent institution of The University of North Carolina for that academic year.

36 No tuition grant awarded to a student under this section shall exceed the cost of attendance
37 at a constituent institution for which the student is enrolled, or if enrolled in a North Carolina
38 private postsecondary institution, exceed the highest amount of undergraduate resident tuition
39 charged at a constituent institution of The University of North Carolina for that academic year.

40 (c) If a student, who is eligible for a tuition grant under this section, also receives a
41 scholarship or other grant covering the cost of attendance at the eligible institution of higher
42 education for which the tuition grant is awarded, then the amount of the tuition grant shall be
43 reduced by an appropriate amount determined by the Authority so that the total amount of
44 scholarships and grants received by the student does not exceed the cost of attendance for the
45 institution. The cost of attendance shall be determined by the Authority for each eligible
46 institution of higher education.

47 (d) In the event there are not sufficient funds to provide each eligible student who has
48 applied in accordance with the application process and the schedule established by the Authority
49 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata
50 share of funds available for the academic year covered by the appropriation in the preceding
51 fiscal year.

1 **"§ 116-209.92. North Carolina Tuition Grant Fund Reserve.**

2 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be
3 administered by the Authority. All funds appropriated to or otherwise received by the Authority
4 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned
5 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the
6 academic year that begins in the fiscal year following the fiscal year in which the appropriation
7 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more
8 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended
9 for administrative purposes."

10 **SECTION 8A.1.(b)** It is the intent of the General Assembly to appropriate from the
11 General Fund to the North Carolina Tuition Grant Fund Reserve the following additional funds
12 for the purpose of awarding tuition grants for future high school graduating classes of the North
13 Carolina School of Science and Mathematics (NCSSM), including students graduating from the
14 Morganton campus of NCSSM, and the University of North Carolina School of the Arts:

- 15 (1) For the 2023-2024 fiscal year, the sum of two million six hundred thirty-nine
16 thousand seven hundred eighty-two dollars (\$2,639,782) in recurring funds.
- 17 (2) For the 2024-2025 fiscal year, the sum of six hundred thirty-one thousand
18 twenty-four dollars (\$631,024) in recurring funds.
- 19 (3) For the 2025-2026 fiscal year, the sum of six hundred thirty-one thousand
20 twenty-four dollars (\$631,024) in recurring funds.
- 21 (4) For the 2026-2027 fiscal year, the sum of six hundred thirty-one thousand
22 twenty-four dollars (\$631,024) in recurring funds.

23
24 **PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID**
25 **CONSOLIDATION**

26 **SECTION 8A.2.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
27 adding a new Part to read:

28 "Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

29 **"§ 116-209.80. Definitions.**

30 The following definitions apply to this Part:

- 31 (1) Eligible postsecondary institution. – A school that is:
 - 32 a. A constituent institution of The University of North Carolina as
33 defined in G.S. 116-2(4).
 - 34 b. A community college as defined in G.S. 115D-2(2).
- 35 (2) Matriculated status. – Being recognized as a student in a defined program of
36 study leading to a degree, diploma, or certificate at an eligible postsecondary
37 institution.
- 38 (3) Program. – The North Carolina Need-Based Scholarship Program for Public
39 Colleges and Universities.
- 40 (4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and
41 Universities.
- 42 (5) Scholarship. – A scholarship for education awarded under this Part.
- 43 (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20
44 U.S.C. § 1070, et seq.

45 **"§ 116-209.81. Eligibility requirements for a scholarship.**

46 (a) In order to be eligible to receive a scholarship under this Part, a student seeking a
47 degree, diploma, or certificate at an eligible postsecondary institution must meet all of the
48 following requirements:

- 49 (1) Qualify as a resident for tuition purposes under the criteria set forth in
50 G.S. 116-143.1 and in accordance with the coordinated and centralized
51 residency determination process administered by the Authority.

1 (2) Meet enrollment standards by being admitted, enrolled, and classified as an
2 undergraduate student in a matriculated status at an eligible postsecondary
3 institution. The President of The University of North Carolina and the
4 President of the North Carolina Community College System may jointly agree
5 to additional enrollment standards for the Program.

6 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate
7 need according to federal methodology in Title IV of the Higher Education
8 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

9 (b) In addition to the criteria set forth in subsection (a) of this section, in order for a
10 student to continue to be eligible for a scholarship for the student's second and subsequent
11 academic years, the student must meet achievement standards by maintaining satisfactory
12 academic progress in a course of study in accordance with the standards and practices used for
13 federal Title IV programs by the eligible postsecondary institution in which the student is
14 enrolled.

15 **"§ 116-209.82. Semester limitation on eligibility for scholarship.**

16 (a) Except as otherwise provided by subsection (c) of this section, a student matriculating
17 at a constituent institution of The University of North Carolina shall not receive a scholarship for
18 more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the
19 student is enrolled in a program officially designated by the Board of Governors of The
20 University of North Carolina as a five-year degree program. If a student is enrolled in such a
21 five-year degree program, then the student shall not receive a scholarship for more than 12
22 full-time academic semesters or the equivalent if enrolled part-time.

23 (b) Except as otherwise provided by subsection (c) of this section, a student shall not
24 receive a scholarship for more than six full-time academic semesters, or the equivalent if enrolled
25 part-time, while matriculating at a community college.

26 (c) Upon application by a student, the applicable eligible postsecondary institution may
27 grant a waiver to the student who may then receive a scholarship for the equivalent of one
28 additional full-time academic semester if the student demonstrates that any of the following have
29 substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i)
30 a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term
31 disability, or (iv) other extraordinary hardship. The Board of Governors of The University of
32 North Carolina or the State Board of Community Colleges, as appropriate, shall establish policies
33 and procedures to implement the waiver provided by this subsection.

34 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

35 (a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve
36 Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship
37 awarded under this Part to a student at an eligible postsecondary institution shall be based upon
38 a consolidated payment schedule established jointly by the President of The University of North
39 Carolina and the President of the North Carolina Community College System, in consultation
40 with the Authority. The payment schedule shall clearly define award amounts by type of eligible
41 postsecondary institution and student financial need as defined by federal methodology. The
42 Authority shall publish the payment schedule for the Program in an easily accessible and
43 understandable format. Once published, a payment schedule shall remain in effect unless
44 otherwise agreed by the President of The University of North Carolina and the President of the
45 North Carolina Community College System.

46 (b) Availability of Scholarships. – Subject to the payment schedule described in
47 subsection (a) of this section, the Authority shall have the power to determine the actual
48 scholarship amounts disbursed to students in any given year based on the amount of funds
49 available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant
50 to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set
51 forth in the payment schedule established pursuant to subsection (a) of this section, the Authority,

1 in consultation with the President of The University of North Carolina and the President of the
2 North Carolina Community College System, shall adjust the distribution of the funds as
3 necessary.

4 **"§ 116-209.84. Scholarship administration; reporting requirements.**

5 (a) The scholarships provided for in this Part shall be administered by the Authority under
6 rules adopted by the Authority in accordance with the provisions of this Part.

7 (b) Notwithstanding any other provision of law to the contrary, the Authority shall
8 conduct periodic evaluations of expenditures under the Program administered by the Authority
9 to determine if allocations are utilized to ensure access to eligible postsecondary institutions and
10 to meet the goals of respective programs. The authority may make recommendations of the
11 redistribution of funds to the President of The University of North Carolina and the President of
12 the North Carolina Community College System, who then may jointly authorize redistribution
13 of funds for a particular fiscal year.

14 (c) The Authority shall report no later than December 1, 2024, and annually thereafter to
15 the Joint Legislative Education Oversight Committee. The report shall contain, for the previous
16 academic year, the dollar amount of awards disbursed, the number of eligible students receiving
17 funds, and a breakdown of the eligible postsecondary institutions that received the funds.

18 (d) Scholarship funds unexpended shall remain available for future scholarships to be
19 awarded under this Part.

20 **"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

21 (a) There is established the Scholarship Reserve Fund for Public Colleges and
22 Universities as a reserve consisting of the following monies:

23 (1) Funds appropriated by the General Assembly for the Program from the
24 Education Lottery Fund in the Current Operations Appropriations Act for a
25 fiscal year for education-related purposes in accordance with G.S. 18C-164.

26 (2) Funds appropriated by the General Assembly for the Program from the
27 Escheat Fund in the Current Operations Appropriations Act for a fiscal year
28 that is distributed annually on or before August 15 to the Authority pursuant
29 to G.S. 116B-7(a).

30 (3) Funds appropriated by the General Assembly for the Program from the
31 General Fund in the Current Operations Appropriations Act for a fiscal year.

32 (4) All returned scholarship funds from the Program.

33 (5) All interest earned on these funds.

34 (b) The Authority shall create two reserves within the Reserve Fund as follows: The
35 University of North Carolina (UNC Reserve) and the North Carolina Community College System
36 (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for
37 scholarships for the academic year that begins in the fiscal year following the fiscal year in which
38 the allocations are made to the reserves. Allocations shall be made from the reserves for the
39 amounts determined for the payment schedules for eligible postsecondary institutions pursuant
40 to G.S. 116-209.83.

41 Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the
42 funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal
43 year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise
44 agreed to by the President of The University of North Carolina and the President of the North
45 Carolina Community College System. Additional funds may be directed to the reserves from a
46 Current Operations Appropriations Act in a fiscal year. The reserves established for the
47 2022-2023 fiscal year shall consist of the following funds:

48 (1) For the UNC Reserve, the monies shall consist of the following:

49 a. An amount equal to the amount appropriated to the Board of
50 Governors of The University of North Carolina for The University of

North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(2) For the CC Reserve, the monies shall consist of the following:

a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(d) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"§ 116B-7. Distribution of fund.

(a) The income derived from the investment or deposit of the Escheat Fund shall be distributed annually on or before August 15 to the State Education Assistance Authority for grants and loans to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. Such grants and loans shall be made upon terms, consistent with the provisions of this Chapter, pursuant to which the State Education Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23, Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The University of North Carolina regarding need-based grants for students of The University of North Carolina, and policies of the State Board of Community Colleges regarding need-based grants for students of the community colleges. The Authority shall deposit an amount specified in the Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5 of Article 23 of Chapter 116 of the General Statutes.

(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Department of Military and Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents

1 of this State who (i) are worthy and needy as determined by the Department of Military and
2 Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

3 **SECTION 8A.2.(c)** By May 1, 2022, the President of The University of North
4 Carolina and the President of the North Carolina Community College System shall report to the
5 Fiscal Research Division, the House Appropriations Education Committee, and the Senate
6 Appropriations on Education/Higher Education Committee on the following regarding the
7 consolidation of student financial assistance for constituent institutions of The University of
8 North Carolina and the community colleges:

9 (1) The payment schedule required by G.S. 116-209.83, as enacted by this
10 section.

11 (2) Potential ways to include students with intellectual and developmental
12 disabilities as eligible for scholarships through the North Carolina
13 Need-Based Scholarship Program for Public Colleges and Universities or
14 other student financial assistance recommendations, including grants or other
15 funding sources for students enrolled in Comprehensive Transition Programs.

16 (3) Any recommended legislative changes, including for the North Carolina
17 Need-Based Scholarship Program for Public Colleges and Universities.

18 **SECTION 8A.2.(d)** By October 15, 2022, the Authority shall transfer any
19 unexpended balances remaining in the reserves for The University of North Carolina Need-Based
20 Financial Aid Program and the Education Lottery Scholarship to the Scholarship Reserve Fund
21 for Public Colleges and Universities under G.S. 116-209.85, as enacted by this section.

22 **SECTION 8A.2.(e)** Article 35A of Chapter 115C of the General Statutes is repealed.

23 **SECTION 8A.2.(f)** G.S. 116-209.19A reads as rewritten:

24 "**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

25 The Authority administers the following need-based grant and scholarship programs: the
26 ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The~~
27 ~~University of North Carolina Need-Based Financial Aid Program, North Carolina Need-Based~~
28 ~~Scholarship for Public Colleges and Universities~~ and Need-Based Scholarships for Students
29 Attending Private Institutions of Higher Education. ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~
30 ~~G.S. 116-209.82 and 116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may
31 receive a grant or scholarship from ~~any of those~~ these programs and also provide the
32 circumstances in which a waiver to those limits may be granted by the appropriate postsecondary
33 institution. The Authority shall enforce these limitations in administering these programs so that
34 unless a waiver is granted by the appropriate postsecondary institution, no student shall receive
35 a grant or scholarship from any of those programs or any combination of those financial aid
36 programs while pursuing a degree, diploma, or certificate for more than any of the following time
37 periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12
38 full-time academic semesters or its equivalent if the student is enrolled in a program officially
39 designated as a five-year degree program.

40 A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2,~~
41 ~~116-25.1, G.S. 116-209.82 or 116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver
42 in a manner acceptable to the Authority and shall also maintain documentation substantiating the
43 reason for the waiver."

44 **SECTION 8A.2.(g)** G.S. 115D-40.1 reads as rewritten:

45 "**§ 115D-40.1. Targeted Financial Assistance for Community College Students.**Students;
46 participation in federal programs.

47 (a) ~~Need Based Assistance Program.~~ It is the intent of the General Assembly that the
48 ~~Community College System make these financial aid funds available to the neediest students~~
49 ~~who are not eligible for other financial aid programs that fully cover the required educational~~
50 ~~expenses of these students. The State Board may use some of these funds as short term loans to~~
51 ~~students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

1 (b) Targeted Financial Assistance. – ~~Notwithstanding subsection (a) of this section, the~~
 2 ~~Within the funds available, the State Board may allocate up to ten percent (10%) of the funds~~
 3 ~~appropriated for Financial Assistance for Community College Students provide financial~~
 4 ~~assistance to the following students:~~

5 (1) Students who enroll in low-enrollment programs that prepare students for
 6 high-demand occupations.

7 (2) Students with disabilities who have been referred by the Department of Health
 8 and Human Services, Division of Vocational Rehabilitation, and are enrolled
 9 in a community college.

10 (3) Students enrolled in fewer than six credit hours per semester who otherwise
 11 qualify for need-based financial aid programs.

12 (c) Administration of ~~Program~~. Targeted Financial Assistance. – The State Board shall
 13 adopt rules and policies for the disbursement of the targeted financial assistance provided in
 14 ~~subsections (a) and subsection~~ (b) of this section. Degree, diploma, and certificate students must
 15 complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial
 16 assistance. The State Board may contract with the State Education Assistance Authority for
 17 administration of these targeted financial assistance funds. ~~These funds shall not revert at the end~~
 18 ~~of each fiscal year but shall remain available until expended for need-based financial assistance.~~
 19 ~~The interest earned on the funds provided in subsections (a) and (b) of this section may be used~~
 20 ~~to support the costs of administering the Community College Grant Program. If the interest~~
 21 ~~earnings are not adequate to support the administrative costs, up to one percent (1%) of funds~~
 22 ~~provided in subsection (a) of this section may be used to support the costs of administering the~~
 23 ~~Community College Grant Program.~~

24 (d) Participation in Federal Loan Programs. – All community colleges shall participate
 25 in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution
 26 adopts a resolution declining to participate in the Program. The State Board shall ensure that at
 27 least one counselor is available at each college to inform students about federal programs and
 28 funds available to assist community college students, including, but not limited to, Pell Grants,
 29 HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford
 30 Federal Direct Loan Program, and to actively encourage students to utilize these federal programs
 31 and funds. The board of trustees of any institution that has declined to participate in the William
 32 D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the
 33 resolution and participate in the Program but shall not have the authority to again decline
 34 participation in the Program."

35 **SECTION 8A.2.(h)** G.S. 115D-40.2 is repealed.

36 **SECTION 8A.2.(i)** G.S. 116-25.1 is repealed.

37 **SECTION 8A.2.(j)** Section 10.1 of S.L. 2000-67 is repealed.

38 **SECTION 8A.2.(k)** Subsections (a) through (d) of this section become effective
 39 January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic
 40 year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of
 41 this section is effective on the date that this act becomes law.

42 EQUITY IN OPPORTUNITY ACT

43 **SECTION 8A.3.(a)** Opportunity Scholarship Grant Program. –
 44 G.S. 115C-562.1(3)a.3. reads as rewritten:

45 "3. ~~Is entering either kindergarten or the~~ eligible to enter
 46 kindergarten, first grade, or second grade pursuant to
 47 Article 25 of this Chapter. A child who is the age of 4 on or
 48 before April 16 is eligible to attend the following school year
 49 if the principal, or equivalent, of the school in which the child
 50 seeks to enroll finds that the student meets the requirements of
 51

G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application."

SECTION 8A.3.(b) G.S. 115C-562.1(3)a.6. reads as rewritten:

"6. Is a child whose parent or legal guardian (i) is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq., or (ii) receives an honorable discharge as an active duty member from the uniformed service of the United States within 18 months prior to application."

SECTION 8A.3.(c) Any student who meets the following requirements shall qualify as an eligible student and shall be eligible to receive a scholarship for the 2021-2022 school year pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:

- (1) Was enrolled in a North Carolina public school or a Department of Defense Elementary and Secondary School located in North Carolina for the fall semester of the 2019-2020 school year.
- (2) Was enrolled in a nonpublic school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter for the spring semester of the 2019-2020 school year and the entire 2020-2021 school year.
- (3) Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.
- (4) Submits a scholarship application for the 2021-2022 school year.

A student who becomes eligible for a scholarship in the 2021-2022 school year solely due to this subsection shall receive first priority in award of scholarships in the same manner as those previously awarded scholarships.

SECTION 8A.3.(d) G.S. 115C-562.1(3)a. is amended by adding a new sub-sub-subdivision to read:

"7. Is a child who meets both of the following:

I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.

II. Was enrolled for the fall semester prior to the spring semester of the school year in which the student enrolled in the nonpublic school in one of the following:

A. A North Carolina public school.

B. A Department of Defense Elementary and Secondary School established pursuant to 10 U.S.C. § 2164 and located in North Carolina."

SECTION 8A.3.(e) G.S. 115C-562.1(3)b. reads as rewritten:

"b. Meets one of the following criteria:

1. Resides in a household with an income level not in excess of one hundred ~~fifty-seventy-five~~ percent ~~(150%)-(175%)~~ of the amount required for the student to qualify for the federal free or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant's household for the purposes of determining eligibility for a scholarship under this ~~sub-subdivision~~ sub-sub-subdivision.

2. Is a child in foster care as defined in G.S. 131D-10.2. The Authority shall not consider the household income of the foster

parent, as defined in G.S. 131D-10.2, in determining the eligibility of a foster care child."

SECTION 8A.3.(f) G.S. 115C-562.2(b) reads as rewritten:

"(b) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars (\$4,200) per year.~~ be, per year per eligible student, in an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars (\$4,200) exceed,~~ per year per eligible student, an amount equal to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend."

SECTION 8A.3.(g) G.S. 115C-562.2(b1) is repealed.

SECTION 8A.3.(h) G.S. 115C-562.3 reads as rewritten:

"§ 115C-562.3. Verification of ~~eligibility~~eligibility; information from other State agencies.

...

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction. The Department of Public Instruction shall provide the Authority with public school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a. as needed.

(c) By December 1 of each year, the Department of Public Instruction shall provide the Authority the average State per pupil allocation for that fiscal year to determine the maximum scholarship amount for eligible students to be awarded in the following fiscal year in accordance with G.S. 115C-562.2(b)."

SECTION 8A.3.(i) G.S. 115C-562.8 reads as rewritten:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal year until the funds from the prior year appropriation to be used to award scholarships are expended. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall ~~revert to the General Fund.~~ be used in accordance with subsection (d) of this section.

...

1 (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for
2 one fiscal year pursuant to subsection (a) of this section shall be used as follows:

3 (1) Up to five hundred thousand dollars (\$500,000) shall be used by the Authority
4 to contract with a nonprofit corporation representing parents and families for
5 outreach and scholarship education and application assistance for parents and
6 students pursuant to Part 4A of this Article.

7 (2) Any remaining funds shall revert to the General Fund."

8 **SECTION 8A.3.(j)** Article 39 of Chapter 115C of the General Statutes is amended
9 by adding a new Part to read:

10 "Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

11 "**§ 115C-567.1. Outreach and assistance for parents and students.**

12 (a) The State Education Assistance Authority, in its administration of scholarship
13 programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and
14 Part 1H of Article 9 of this Chapter may contract with a nonprofit corporation representing
15 parents and families for outreach and scholarship education, program promotion, and application
16 assistance for parents and students. The Authority shall issue a request for proposals in order to
17 enter into a contract with a nonprofit corporation that meets the following requirements during
18 the term of the contract:

19 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
20 Statutes and comply at all times with the provisions of section 501(c)(3) of the
21 Internal Revenue Code.

22 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and
23 family outreach, program promotion, and procedural knowledge to assist
24 parents through scholarship application processes and provide guidance on the
25 scholarship grant program, including by doing the following:

26 a. One-on-one parent and family engagement.

27 b. Scholarship education and public awareness.

28 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
29 Internal Revenue Code.

30 (4) Have no State officer or employee serving on the board of the nonprofit.

31 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
32 at the call of its chair.

33 (b) The terms of the contract between the Authority and a nonprofit corporation shall
34 require that the nonprofit (i) maintain the confidentiality of any information provided by the
35 Authority for parents and students as directed by the Authority and (ii) not disseminate
36 information to third parties without written parental consent. During the term of the contract
37 provided for in this section, the Authority shall include on scholarship applications a statement
38 for parents to indicate nonconsent for sharing information with a nonprofit corporation.

39 (c) Notwithstanding any other provision of law, during the term of the contract provided
40 for in this section, the Authority may share the name, address, email, and telephone number of
41 the parent of any student applicant, unless the parent indicates that the information should not be
42 shared."

43 **SECTION 8A.3.(k)** G.S. 115C-562.8(c) reads as rewritten:

44 "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,
45 the Authority may retain ~~the lesser of up to four-two and one-half percent (4%)-(2.5%)~~ of the
46 funds appropriated ~~or one million five hundred thousand dollars (\$1,500,000)~~ each fiscal year
47 for administrative costs associated with the scholarship grant program."

48 **SECTION 8A.3.(l)** Personal Education Student Accounts for Children with
49 Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

50 "Article 41.

51 "Personal Education ~~Savings Accounts~~. Student Accounts for Children with Disabilities.

1 **"§ 115C-590. North Carolina Personal Education Savings Account ~~Student Accounts for~~**
2 **Children with Disabilities Program established.**

3 There is established the North Carolina Personal Education ~~Savings Student Accounts for~~
4 Children with Disabilities Program to provide the option for a parent to better meet the individual
5 educational needs of the parent's child.

6 **"§ 115C-591. Definitions.**

7 The following definitions apply in this Article:

- 8 (1) Authority. – Defined in G.S. 116-201.
- 9 (2) Division. – The Division of Nonpublic Education, Department of
10 Administration.
- 11 (2a) Educational technology. – As defined annually by the Authority, an item,
12 piece of equipment, material, product, or system which may be purchased
13 commercially off the shelf, modified, or customized and that is used primarily
14 for educational purposes for a child with a disability.
- 15 (3) Eligible student. – A student residing in North Carolina who has not yet
16 received a high school diploma and who meets all of the following
17 requirements:
- 18 a. Is eligible to attend a North Carolina public school pursuant to
19 G.S. 115C-366 Article 25 of this Chapter. A child who is the age of 4
20 on or before April 16 is eligible to attend the following school year if
21 the principal, or equivalent, of the school in which the child seeks to
22 enroll finds that the student meets the requirements of
23 G.S. 115C-364(d) and those findings are submitted to the Authority
24 with the child's application.
- 25 b. Has not been enrolled in a postsecondary institution in a matriculated
26 status eligible for enrollment for as a full-time student taking at least
27 12 hours of academic credit.
- 28 c. Is a child with a disability, as defined in G.S. 115C-106.3(1),
29 including, for example, intellectual disability, hearing impairment,
30 speech or language impairment, visual impairment, serious emotional
31 disturbance, orthopedic impairment, autism, traumatic brain injury,
32 other health impairments, specific learning disability, or disability as
33 may be required to be included under IDEA. G.S. 115C-106.3(1).
- 34 d. Has not been placed in a nonpublic school or facility by a public
35 agency at public expense.
- 36 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or 2 nonpublic school that
37 consents to comply with the requirements of G.S. 115C-562.5.
- 38 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of
39 Article 39 of this Chapter, as identified by the Division.
- 40 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 41 (5a) Part 1 or 2 nonpublic school. – A nonpublic school that meets the requirements
42 of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed
43 eligible by the Division.
- 44 (5a)(5b) Part-time student. – A child enrolled part time in a public school and part
45 time in a nonpublic school that exclusively provides services for children with
46 disabilities.
- 47 (6) Personal Education ~~Savings Student Account~~ or PESA. – ~~A bank~~ An
48 electronic account provided to a parent for the purpose of holding scholarship
49 funds awarded by the Authority for an eligible student to be used for
50 qualifying education expenses under G.S. 115C-595.

51 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings student~~ account.**

1 (a) Application Selection. – The Authority shall make available no later than February 1
2 of each year applications to eligible students for the award of scholarship funds for a personal
3 education ~~savings-student~~ account to be used for qualifying education expenses to attend a
4 nonpublic school. Information about scholarship funds and the application process shall be made
5 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~
6 ~~March 15, the~~ The Authority shall ~~begin selecting recipients for award~~ scholarships according to
7 the following ~~criteria:~~ criteria for applications received by March 1 of each year:

8 (1) First priority shall be given to eligible students who were awarded scholarship
9 funds for a PESA during the previous school year ~~if those students have~~
10 ~~applied by March 1 year.~~

11 (2) After funds have been awarded to prior recipients as provided in subdivision
12 (1) of this subsection, any remaining funds shall be used to award scholarship
13 funds for a PESA for all other eligible students.

14 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for
15 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each
16 year for an amount not to exceed nine thousand dollars (\$9,000) per eligible student in an amount,
17 per year per eligible student, of up to the sum of the following from the prior fiscal year: the State
18 allocation per funded child with disabilities plus eighty-five percent (85%) of the average State
19 per pupil allocation, except for the allocation for children with disabilities, for the fiscal school
20 year in for which the application is received, except for eligible part-time students, who shall be
21 awarded scholarships each year for an amount not to exceed four thousand five hundred dollars
22 (\$4,500) fifty percent (50%) of the sum from the prior fiscal year as described in this subsection
23 per eligible student for the fiscal school year in for which the application is received. Any funds
24 remaining in an electronic account provided under subsection (b2) of this section at the end of a
25 school year for eligible students who qualify only under this subsection shall be returned to the
26 Authority.

27 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may
28 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for
29 each school year only if the student has been determined to have one or more of the following
30 disabilities as a primary or secondary disability at the time of application for scholarship funds:

31 (1) Autism.

32 (2) Hearing impairment.

33 (3) Moderate or severe intellectual or developmental disability.

34 (4) Multiple, permanent orthopedic impairments.

35 (5) Visual impairment.

36 For eligible students who qualify for scholarship funds under this subsection, no more than
37 four thousand five hundred dollars (\$4,500) of funds remaining in an electronic account at the
38 end of a school year shall be carried forward until expended for each school year upon renewal
39 of the account under subsection (b2) of this section. In no event shall the total amount of funds
40 carried forward for an eligible student in a personal education student account exceed fifteen
41 thousand dollars (\$15,000). Any funds remaining in the electronic account if an agreement is not
42 renewed under G.S. 115C-595 shall be returned to the Authority.

43 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for
44 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive
45 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each
46 quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject
47 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then
48 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the
49 electronic account at the beginning of the fiscal school year. After the initial disbursement of
50 funds, each subsequent, quarterly semester disbursement of funds shall be subject to the
51 submission by the parent of an expense report. The expense report shall be submitted

1 electronically and shall include documentation that the student received an education, as
2 described in G.S. 115C-595(a)(1), for no less than ~~35-70~~ days of the applicable ~~quarter-semester~~.
3 The ~~debit card or the~~ electronic account shall be renewed upon the receipt of the parental
4 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal
5 school years. ~~Any funds remaining on the card or in the electronic account at the end of the fiscal~~
6 ~~year may be carried forward to the next fiscal year if the card or electronic account is renewed.~~
7 ~~Any funds remaining on the card or in the electronic account if an agreement is not renewed shall~~
8 ~~be returned to the Authority.~~

9 (c) ~~Eligibility for the other scholarship programs is provided for as follows:~~ Eligibility for
10 Other Scholarship Programs. –

11 (1) An eligible student under this Article may receive, in addition to a PESA, a
12 scholarship under Part 2A of Article 39 of this Chapter.

13 (2) ~~An eligible student under this Article may receive, in addition to a PESA and~~
14 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~
15 ~~the special education scholarship program for children with disabilities~~
16 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~
17 ~~more of the following disabilities:~~

18 a. ~~Autism.~~

19 b. ~~Developmental disability.~~

20 c. ~~Hearing impairment.~~

21 d. ~~Moderate or severe intellectual disability.~~

22 e. ~~Multiple, permanent orthopedic impairments.~~

23 f. ~~Visual impairment.~~

24 (d) Applications Not Public Records. – Applications for scholarship funds and personally
25 identifiable information related to eligible students receiving funds shall not be a public record
26 under Chapter 132 of the General Statutes. For the purposes of this section, personally
27 identifiable information means any information directly related to a student or members of a
28 student's household, including the name, birthdate, address, Social Security number, telephone
29 number, e-mail address, or any other information or identification number that would provide
30 information about a specific student or members of a specific student's household.

31 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial
32 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~
33 ~~either of the following ways:~~

34 (1) ~~The by having the child has been~~ assessed by a local education agency and
35 ~~determined the local education agency determining the child~~ to be a child with
36 a disability ~~and with~~ that outcome is verified by the local education agency on
37 a form provided to the Authority.

38 (2) ~~The child was initially assessed by a local education agency and determined~~
39 ~~to be a child with a disability and, following receipt of a scholarship awarded~~
40 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~
41 ~~continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing~~
42 ~~psychologist or psychiatrist. Both the initial verification from the local~~
43 ~~education agency and the continuing verification by the assessing~~
44 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

45 **"§ 115C-593. Student continuing eligibility.**

46 After the initial disbursement of funds, the Authority shall ensure that the student's continuing
47 eligibility is assessed at least every three years, by one of the following:

48 (1) The local education agency. – The local education agency shall assess if the
49 student continues to be a child with a disability and verify the outcome on a
50 form to be provided to the Authority.

- 1 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –
2 The psychologist or psychiatrist shall assess, after review of appropriate
3 medical and educational records, if the education and related services received
4 by the student in the nonpublic school setting have improved the child's
5 educational performance and if the student would continue to benefit from
6 placement in the nonpublic school setting. The psychologist or psychiatrist
7 shall verify the outcome of the assessment on a form to be provided to the
8 Authority.

9 **"§ 115C-594. Verification of ~~eligibility~~; information from other State agencies.**

10 (a) Verification of Information. – The Authority may seek verification of information on
11 any application for the award of scholarship funds for a personal education ~~savings~~ student
12 account. ~~The Authority shall select and verify six percent (6%) of applications annually,~~
13 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish
14 rules for the verification process. If a household fails to cooperate with verification efforts, the
15 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

16 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award
17 of scholarship funds for a PESA shall authorize the Authority to access information needed for
18 verification efforts held by other State agencies, including the Department of Health and Human
19 Services and the Department of Public Instruction.

20 (c) By December 1 of each year, the Department of Public Instruction shall provide the
21 Authority the State allocation per funded child with disabilities and the average State per pupil
22 allocation for that fiscal year to determine the maximum scholarship amount for eligible students
23 to be awarded in the following fiscal year in accordance with G.S. 115C-592(b).

24 **"§ 115C-595. Parental agreement; use of funds.**

25 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship
26 recipient with a written agreement, applicable for each year the eligible student receives
27 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving
28 the scholarship funds. The agreement shall be submitted to the Authority electronically. The
29 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.
30 A parent or eligible student's failure to comply with this section shall result in a forfeit of
31 scholarship funds and those funds may be awarded to another eligible student. The parent shall
32 agree to the following conditions in order to receive scholarship funds under this Article:

- 33 (1) Use at least a portion of the scholarship funds to provide an education to the
34 eligible student in, at a minimum, the subjects of English language arts,
35 mathematics, social studies, and science.
- 36 (2) Unless the student is a part-time eligible student, release a local education
37 agency in which the student is eligible to attend under G.S. 115C-366 of all
38 obligations to educate the eligible student while the eligible student is
39 receiving scholarship funds under this Article. A parent of a student, other
40 than a part-time eligible student, who decides to enroll the student into the
41 local education agency or other North Carolina public school during the term
42 of the agreement shall notify the Authority to request a release from the
43 agreement and shall return any unexpended funds to the Authority.
- 44 (3) Use the scholarship funds deposited into a personal education ~~savings~~ student
45 account only for the following qualifying education expenses of the eligible
46 student:
- 47 a. Tuition and fees for a ~~nonpublic school that meets the requirements of~~
48 ~~Part 1 or Part 2 of Article 39 of this Chapter and is subject to the~~
49 ~~requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school,
50 disbursed as provided in subdivision (1) of subsection (a1) of this
51 section.

- 1 b. Textbooks required by a nonpublic school.
 2 c. Tutoring and teaching services provided by an individual or facility
 3 accredited by a State, regional, or national accrediting organization.
 4 d. Curricula.
 5 e. Fees for nationally standardized norm-referenced achievement tests,
 6 advanced placement tests, or nationally recognized college entrance
 7 exams.
 8 f. Fees charged to the account holder for the management of the PESA.
 9 g. Fees for services provided by a public school, including individual
 10 classes and extracurricular programs.
 11 h. Premiums charged to the account holder for any insurance or surety
 12 bonds required by the Authority.
 13 i. Educational therapies from a licensed or accredited practitioner or
 14 provider.
 15 j. Educational technology defined by the Authority as approved for use
 16 pursuant to ~~Part 1H of Article 9 of this Chapter, G.S. 115C-591(2a).~~
 17 k. Student transportation, pursuant to a contract with an entity that
 18 regularly provides student transportation, to and from (i) a provider of
 19 education or related services or (ii) an education activity.
 20 l. Transaction or merchant fees charged to the account holder, not to
 21 exceed two and one-half percent (2.5%) of the cost of the item or
 22 service.
 23 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding
 24 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible
 25 student may pay tuition to Part 1 or 2 nonpublic schools that are not
 26 G.S. 115C-562.5 compliant schools with funds other than funds available in
 27 the personal education student account and then request reimbursement from
 28 the Authority from scholarship funds if the parent complies with the
 29 provisions of subdivision (2) of subsection (a1) of this section.
 30 (4) Not use scholarship funds for any of the following purposes:
 31 a. Computer hardware or other technological devices not defined by the
 32 Authority as educational technology approved for use pursuant to ~~Part~~
 33 ~~1H of Article 9 of this Chapter, G.S. 115C-591(2a).~~
 34 b. Consumable educational supplies, including paper, pen, or markers.
 35 c. Tuition and fees at an institution of higher education, as defined in
 36 G.S. 116-143.1, or a private postsecondary institution.
 37 d. Tuition and fees for a nonpublic school that meets the requirements of
 38 Part 3 of Article 39 of this Chapter.
 39 (a1) Disbursement of Funds for Tuition. – The method by which the Authority shall
 40 disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be
 41 based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship
 42 funds for tuition shall be disbursed as follows:
 43 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
 44 times each school year, scholarship funds from the personal education student
 45 account for eligible students who attend G.S. 115C-562.5 compliant schools.
 46 The funds shall be remitted to the G.S. 115C-562.5 compliant school for
 47 endorsement by at least one of the student's parents. The parent shall
 48 restrictively endorse the scholarship funds awarded to the eligible student for
 49 deposit into the account of the G.S. 115C-562.5 compliant school to the credit
 50 of the eligible student. The parent shall not designate any entity or individual
 51 associated with the school as the parent's attorney-in-fact to endorse the

1 scholarship funds. A parent's failure to comply with this subdivision shall
2 result in forfeiture of the scholarship funds for tuition. Scholarship funds
3 forfeited for failure to comply with this subdivision shall be returned to the
4 Authority to be awarded to another student.

5 (2) Reimbursement for tuition. – The parent of an eligible student who enrolls in
6 a school that is (i) a North Carolina public school other than the public school
7 to which that student would have been assigned as provided in G.S. 115C-366
8 or (ii) a Part 1 or 2 nonpublic school that is not a G.S. 115C-562.5 compliant
9 school may pay tuition directly to the school with funds other than scholarship
10 funds and request reimbursement with funds available in the personal
11 education student account under subdivision (3a) of subsection (a) of this
12 section. However, the Authority shall not reimburse the parent prior to the
13 midpoint of each semester. A parent may only receive reimbursement for
14 tuition if the parent provides documentation to the Authority that the student
15 is enrolled in the school.

16 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services
17 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to
18 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund
19 is required.

20 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning
21 on or after January 1, 2018.

22 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**
23 **savings student account information.**

24 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to
25 the Authority a list of all nonpublic schools operating in the State that meet the requirements of
26 Part 1, 2, or 3 of Article 39 of this Chapter.

27 (b) Information on PESAs to the Division. – The Authority shall provide information
28 about personal education ~~savings student~~ accounts to the Division. The Division shall provide
29 information about PESAs to all qualified nonpublic schools on an annual basis.

30 **"§ 115C-597. Administration.**

31 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the
32 administration of the program, including the following:

- 33 (1) The administration and awarding of scholarship funds, including a lottery
34 process for the selection of recipients within the criteria established by
35 G.S. 115C-592(a), if necessary.
- 36 (2) Requiring a surety bond or insurance to be held by account holders.
- 37 (3) Use of the funds and the reporting of expenditures.
- 38 (4) Monitoring and control of spending scholarship funds deposited in a personal
39 education savings account.

40 The Authority shall provide recipients of scholarship funds with the annual list of defined
41 educational technology for which scholarship funds may be used.

42 (b) Contract for Management of PESAs. – The Authority may contract with a private
43 financial management firm or institution to manage PESAs in accordance with this Article.

44 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit
45 a random sampling of PESAs as needed to ensure compliance with the requirements of this
46 Article. The Authority may contract with an independent entity to conduct these audits. The
47 Authority may remove a parent or eligible student from the program and close a personal
48 education ~~savings student~~ account for failure to comply with the terms of the parental agreement,
49 for failure to comply with applicable laws, or because the student is no longer an eligible student.

50 ~~(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship~~
51 ~~funds under this Article, the Authority may retain up to two hundred fifty thousand dollars~~

1 (~~\$250,000~~) each fiscal year for administrative costs associated with the program, including
2 ~~contracting with non-State entities for administration of certain components of the program.~~

3 **"§ 115C-598. Reporting requirements.**

4 The Authority shall report annually, no later than October 15, to the Joint Legislative
5 Education Oversight Committee on the following information from the prior school year:

- 6 (1) Total number, grade level, race, ethnicity, and sex of eligible students
7 receiving scholarship funds.
- 8 (2) Total amount of scholarship funding awarded.
- 9 (3) Number of students previously enrolled in public schools in the prior semester
10 by the previously attended local education agency.
- 11 (4) Nonpublic schools in which scholarship recipients are enrolled, including
12 numbers of scholarship recipients at each nonpublic school.
- 13 (5) The number of substantiated cases of fraud by recipients and the number of
14 parents or students removed from the program for noncompliance with the
15 provisions of this Article.

16 **"§ 115C-599. Duties of State agencies.**

17 (a) The State Board, as part of its duty to monitor all local education agencies to
18 determine compliance with this Article and the Individuals with Disabilities Education Act
19 (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under
20 that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the
21 following:

- 22 (1) Conduct evaluations requested by a child's parent of suspected children with
23 disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by
24 IDEA.
- 25 (2) Provide assessments for continuing eligibility to identified children with
26 disabilities receiving scholarship funds at the request of the parent to ensure
27 compliance with G.S. 115C-593.

28 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,
29 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred
30 each fiscal year by the Authority to the Department for reevaluations by local school
31 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual
32 annual cost requirements.

33 **"§ 115C-600. Personal Education Student Account Fund Reserve.**

34 (a) The Personal Education Student Account Fund Reserve (Reserve) is established as a
35 reserve to be administered by the Board of Governors of The University of North Carolina for
36 the purpose of allocating funds to the Authority for the award of scholarship funds in accordance
37 with this Article. The Reserve shall consist of monies appropriated from the General Fund to the
38 Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be
39 used in the fiscal year following the fiscal year in which the funds were appropriated to the
40 Reserve (i) to award scholarship funds to eligible students for the school year that begins in the
41 fiscal year following the fiscal year in which the funds were appropriated, (ii) for administrative
42 costs, and (iii) for reevaluations by local school administrative units of eligible students under
43 G.S. 115C-599. The Board of Governors shall only use monies in the Reserve in accordance with
44 the purposes set forth in this Article. Funds appropriated in a particular fiscal year to be used in
45 the following fiscal year that are unexpended at the end of the fiscal year following the fiscal
46 year in which the funds were appropriated shall be carried forward for one fiscal year and may
47 be used for the purposes set forth in this Article. The Authority shall not expend funds that are
48 carried forward for a fiscal year until the funds from the prior year appropriation to be used to
49 award scholarships are expended. Funds carried forward pursuant to this section that have not
50 been spent within one fiscal year shall revert to the General Fund.

(b) Appropriations. – The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year to the Reserve for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the program in accordance with this Article:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2023-2024</u>	<u>\$32,643,166</u>
<u>2024-2025</u>	<u>\$33,643,166</u>
<u>2025-2026</u>	<u>\$34,643,166</u>
<u>2026-2027</u>	<u>\$35,643,166</u>
<u>2027-2028</u>	<u>\$36,643,166</u>
<u>2028-2029</u>	<u>\$37,643,166</u>
<u>2029-2030</u>	<u>\$38,643,166</u>
<u>2030-2031</u>	<u>\$39,643,166</u>
<u>2031-2032</u>	<u>\$40,643,166</u>
<u>2032-2033 and each subsequent fiscal year thereafter</u>	<u>\$41,643,166</u>

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

(c) Administrative Funds. – Of the funds allocated to the Authority to award scholarships pursuant to this section, the Authority may retain up to four percent (4%) of the funds appropriated each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program."

SECTION 8A.3.(m) It is the intent of the General Assembly to move the Special Education Scholarships for Children with Disabilities and the Personal Education Savings Account program funding, in addition to any other funds appropriated by the General Assembly for the Personal Education Student Accounts for Children with Disabilities Program, into the Personal Education Student Account Fund Reserve established under G.S. 115C-600, as enacted by this section, so that funds appropriated for scholarships in a fiscal year are awarded to students for the school year in the following fiscal year.

SECTION 8A.3.(n) Notwithstanding G.S. 115C-592, as amended by this section, a student who was awarded scholarship funds for a Personal Education Savings Account (PESA) pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school year if the student applies by March 1, 2022.

SECTION 8A.3.(o) Part 1H of Article 9 of Chapter 115C of the General Statutes is repealed.

SECTION 8A.3.(p) G.S. 115C-555(4) reads as rewritten:

"(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article, Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 8A.3.(q) G.S. 115C-567.1(a), as enacted by subsection (j) of this section, reads as rewritten:

1 "(a) The State Education Assistance Authority, in its administration of scholarship
2 programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article~~ 41 of this
3 ~~Chapter, and Part 1H of Article 9 of this Chapter~~ may contract with a nonprofit corporation
4 representing parents and families, for outreach and scholarship education, program promotion,
5 and application assistance for parents and students. The Authority shall issue a request for
6 proposals in order to enter into a contract with a nonprofit corporation that meets the following
7 requirements during the term of the contract:

- 8 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
9 Statutes and comply at all times with the provisions of section 501(c)(3) of the
10 Internal Revenue Code.
- 11 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and
12 family outreach, program promotion, procedural knowledge to assist parents
13 through scholarship application process and provide guidance on the
14 scholarship grant program, including by doing the following:
 - 15 a. One-on-one parent and family engagement.
 - 16 b. Scholarship education and public awareness.
- 17 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
18 Internal Revenue Code.
- 19 (4) Have no State officer or employee serving on the board of the nonprofit.
- 20 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
21 at the call of its chair."

22 **SECTION 8A.3.(r)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of
23 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

24 **SECTION 8A.3.(s)** G.S. 105-153.5(b)(12) reads as rewritten:

25 "(12) The amount deposited during the taxable year to a personal education ~~savings~~
26 student account under Article 41 of Chapter 115C of the General Statutes."

27 **SECTION 8A.3.(t)** This section does not affect the rights or liabilities of the State,
28 a taxpayer, or another person arising under a statute amended by this section before the effective
29 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued
30 under the amended statute before the effective date of its amendment.

31 **SECTION 8A.3.(u)** Authorize Counties to Use Local Funds to Supplement K-12
32 Scholarships. – G.S. 153A-149(c) is amended by adding a new subdivision to read:

33 "(17a) K-12 Scholarship Programs. – To provide supplemental funds for students
34 receiving K-12 scholarships for educational purposes as authorized by
35 G.S. 153A-460."

36 **SECTION 8A.3.(v)** Article 23 of Chapter 153A of the General Statutes is amended
37 by adding a new section to read:

38 "**§ 153A-460. K-12 scholarship programs.**

39 (a) For the purposes of this section, a K-12 scholarship is a State-funded scholarship
40 awarded to a student for educational purposes in accordance with Part 2A of Article 39 or Article
41 41 of Chapter 115C of the General Statutes.

42 (b) Each county is authorized to appropriate funds in accordance with subsection (c) of
43 this section to provide an amount of up to one thousand dollars (\$1,000) per child residing in the
44 county who meets all of the following requirements to supplement a qualifying child's
45 scholarship:

- 46 (1) The child has been awarded a K-12 scholarship for the school year.
- 47 (2) The child is enrolled in a nonpublic school located within the county for the
48 school year.

49 (c) The county may request, no later than January 15 annually, de-identified data from
50 the State Education Assistance Authority on the number of students receiving K-12 scholarship
51 funds, by type of K-12 scholarship, in the current fiscal year who both live in that county and

1 attend a nonpublic school in that county. The county shall use this information as a basis for
2 determining the amount of funds to appropriate for award of supplemental funds for the following
3 fiscal year. The county may provide supplemental funds for eligible students receiving
4 scholarships under one or both of the qualifying K-12 scholarships.

5 (d) A county appropriating funds pursuant to this section shall remit the appropriated
6 funds to the State Education Assistance Authority for expenditure to supplement K-12
7 scholarships awarded for the school year occurring in that fiscal year no later than July 15
8 annually. The State Education Assistance Authority shall act as the fiscal agent for the county in
9 the disbursement of funds to eligible students pursuant to G.S. 115C-562.2(f) or
10 G.S. 115C-592(f), as applicable."

11 **SECTION 8A.3.(w)** G.S. 115C-562.2 is amended by adding a new subsection to
12 read:

13 "(f) A county may provide funds to supplement scholarships for eligible students residing
14 within the county pursuant to G.S. 153A-460 for a school year. The Authority shall require
15 applicants to state their county of residence in the application and may verify residency as
16 provided in G.S. 115C-562.3. When requested by January 15, the Authority shall provide
17 de-identified data to a county by February 15 on the number of students who, in the current school
18 year, (i) received scholarship grants pursuant to this Part, (ii) resided in the county, and (iii) were
19 enrolled in a nonpublic school located in the county. If a county appropriates supplemental funds
20 for scholarships pursuant to G.S. 153A-460, the Authority shall disburse up to one thousand
21 dollars (\$1,000) in scholarship funds for that school year to each eligible student residing in that
22 county who is enrolled in a nonpublic school located in the county to supplement the scholarship
23 grants awarded pursuant to this Part. Funds disbursed to eligible students under this subsection
24 shall be subject to the same limitations and requirements as scholarship grants provided with
25 State funds under this Part and shall supplement but not supplant State funds. The Authority shall
26 return to the county any unused funds at the end of each fiscal year. The Authority shall adopt
27 rules for the disbursement of funds pursuant to this subsection."

28 **SECTION 8A.3.(x)** G.S. 115C-592 is amended by adding a new subsection to read:

29 "(f) Supplemental Local Scholarship Funds. – A county may provide supplemental
30 scholarship funds for eligible students residing within the county pursuant to G.S. 153A-460 for
31 a school year. The Authority shall require applicants to state their county of residence in the
32 application and may verify residency as provided in G.S. 115C-594. When requested by January
33 15, the Authority shall provide de-identified data to a county by February 15 on the number of
34 students who, in the current school year, (i) received scholarships pursuant to this Article, (ii)
35 resided in the county, and (iii) were enrolled in a nonpublic school located in the county. If a
36 county appropriates supplemental funds for scholarships pursuant to G.S. 153A-460, the
37 Authority shall disburse up to one thousand dollars (\$1,000) in scholarship funds for that school
38 year to each eligible student residing in that county who is enrolled in a nonpublic school located
39 in the county to supplement the scholarship funds awarded pursuant to this Article. Funds
40 disbursed to eligible students under this subsection shall be subject to the same limitations and
41 requirements as scholarship funds provided with State funds under this Article and shall
42 supplement but not supplant State funds. The Authority shall return to the county any unused
43 funds at the end of each fiscal year. The Authority shall adopt rules for the disbursement of funds
44 pursuant to this subsection."

45 **SECTION 8A.3.(y)** Notwithstanding G.S. 115C-562.8(d), as enacted by subsection
46 (i) of this section, of the funds appropriated in the 2019-2020 fiscal year for the award of
47 scholarship grants for the 2020-2021 school year pursuant to G.S. 115C-562.8, the State
48 Education Assistance Authority may use up to three hundred thousand dollars (\$300,000) for the
49 2021-2022 fiscal year of any unexpended funds available at the end of the 2020-2021 fiscal year
50 for the purpose of establishing the infrastructure for the supplemental local scholarship funds.

1 **SECTION 8A.3.(z)** Subsections (a) and (b) of this section apply beginning with
2 applications for scholarship funds for the spring semester of the 2021-2022 school year.
3 Subsections (d) through (h) of this section apply beginning with applications for scholarship
4 funds for the 2022-2023 school year. Subsections (i) and (j) of this section are effective June 30,
5 2021. Subsection (l) of this section applies to applications for scholarship funds beginning with
6 the 2022-2023 school year. Subsections (o) through (r) of this section become effective July 1,
7 2022. Subsection (s) of this section applies to taxable years beginning on or after January 1, 2022.
8 Subsections (u) through (x) of this section apply beginning with county budget ordinances
9 adopted for the 2022-2023 fiscal year that provide funds for students receiving scholarship funds
10 for the 2022-2023 school year. Subsection (y) of this section is effective June 30, 2021.

11
12 **SEAA GOVERNANCE STRUCTURE MODIFICATIONS/BUDGET CODE CHANGES**

13 **SECTION 8A.4.(a)** G.S. 116-203 reads as rewritten:

14 **"§ 116-203. Authority created as subdivision of State; appointment, terms and removal of**
15 **board of directors; officers; quorum; expenses and compensation of directors.**

16 (a) Authority Created. – There is created and constituted a political subdivision of the
17 State to be known as the "State Education Assistance ~~Authority.~~" Authority" (Authority) to be
18 housed administratively within The University of North Carolina System Office for
19 organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers
20 conferred by this Article shall be deemed and held to be the performance of an essential
21 governmental ~~function.~~ function in administering a system of financial assistance to qualified
22 students of the State. The Authority shall exercise its statutory powers independently from the
23 System Office and the Board of Governors of The University of North Carolina.

24 (b) Membership. – The Authority shall be governed by a board of directors consisting of
25 nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex
26 ~~officio. The members shall be officio~~ as follows:

27 (1) Seven members appointed ~~by the Governor, three of whom~~ according to the
28 following:

29 a. The Board of Governors of The University of North Carolina shall
30 appoint the following members:

31 1. One member who shall have expertise in secondary or higher
32 education, two of whom education.

33 2. One member who shall be a chief financial officer or chief
34 administrative officer from a nonpublic school that enrolls
35 students receiving scholarship funds pursuant to Part 2A of
36 Article 39 of Chapter 115C of the General Statutes.

37 3. One member who shall have expertise in finance, one of whom
38 finance.

39 b. The Governor shall appoint the following members:

40 1. One member who shall have expertise in finance.

41 2. One member who shall have expertise in secondary or higher
42 education.

43 3. One member who shall be a member of the public at large with
44 an interest in higher education, and one of whom education.

45 4. One member who shall be a chief financial officer from a
46 college or university that is a member of North Carolina
47 Independent Colleges and Universities, Inc., appointed upon
48 the recommendation of North Carolina Independent Colleges
49 and Universities, Inc.

50 (2) The chief financial officer of The University of North Carolina shall serve as
51 an ex officio member.

1 (3) The chief financial officer of the North Carolina Community College System
2 shall serve as an ex officio member.

3 (c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of
4 subsection (b) of this section shall serve for a term of four years and until their successors are
5 appointed and duly qualified. Immediately after appointment, the directors shall enter upon the
6 performance of their duties.

7 (d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by
8 the ~~Governor~~ appointing authority in the same manner as the original appointment for the
9 remainder of the unexpired term.

10 (e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board
11 of directors appointed by ~~the Governor~~ that authority for misfeasance, malfeasance, or
12 nonfeasance.

13 (f) Officers. – The board shall annually elect one of its members as chair and another as
14 ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not~~
15 ~~be a member of the board.~~ vice-chair. The chair, or in the chair's absence, the vice-chair, shall
16 preside at all meetings of the board. In the absence of both the chair and vice-chair, the board
17 shall appoint a chair pro tempore, who shall preside at such meetings.

18 (f1) Executive Director. – The President of The University of North Carolina shall appoint
19 the Executive Director of the Authority, who shall be the Authority's principal executive officer,
20 and the Executive Director shall be responsible to the President. The Executive Director shall
21 serve as secretary to the board of directors.

22 (g) Quorum. – Five directors shall constitute a quorum for the transaction of the business
23 of the Authority, and no vacancy in the membership of the board shall impair the right of a
24 quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote
25 of at least a majority of the members of the board present at any meeting is required for the
26 adoption of any resolution or motion or for other official action.

27 (h) Expenses. – The members of the board shall receive per diem and allowances as
28 provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from
29 funds provided under this Article, or as otherwise provided."

30 **SECTION 8A.4.(b)** G.S. 116-204 reads as rewritten:

31 "**§ 116-204. Powers of Authority.**

32 The Authority is hereby authorized and empowered:

33 (1) To fix and revise from time to time and charge and collect fees for its acts and
34 ~~undertakings;undertakings.~~

35 (2) To establish rules and regulations concerning its acts and
36 ~~undertakings;undertakings.~~

37 (3) To acquire, hold and dispose of personal property in the exercise of its powers
38 and the performance of its ~~duties;duties.~~

39 (4) To make and enter into all contracts and agreements necessary or incidental
40 to the performance of its duties and the execution of its powers under this
41 ~~Article;Article.~~

42 (5) To employ, ~~in its discretion, upon approval by the President of The University~~
43 ~~of North Carolina or his or her designee,~~ consultants, attorneys, ~~accountants,~~
44 ~~and financial experts, superintendents, managers~~ financial professionals,
45 ~~liaison personnel, clerical staff, and such other employees and agents as may~~
46 ~~be necessary in its judgment, and to fix their compensation to be payable from~~
47 ~~funds made available to the Authority by law;from any funds made available~~
48 ~~to the Authority through appropriations by the General Assembly, the~~
49 ~~availability of receipts, or both.~~

50 (6) To receive and accept from any federal or private agency, corporation,
51 association or person grants to be expended in accomplishing the objectives

1 of the Authority, and to receive and accept from the State, from any
 2 municipality, county or other political subdivision thereof and from any other
 3 source aid or contributions of either money, property, or other things of value,
 4 to be held, used and applied only for the purposes for which such grants and
 5 contributions may be ~~made;~~made.

- 6 (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and
 7 to make and from time to time amend and repeal bylaws, rules and regulations
 8 not inconsistent with law to carry into effect the powers and purposes of the
 9 ~~Authority;~~Authority.
- 10 (8) To do all other acts and things necessary or convenient to carry out the powers
 11 expressly granted in this Article; provided, however, that nothing in this
 12 Article shall be construed to empower the Authority to engage in the business
 13 of banking or insurance.
- 14 (9) To collect loan repayments for loans awarded under the Teaching Fellows
 15 Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding
 16 for more than 30 days.
- 17 (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund
 18 for Prospective Teachers pursuant to Article 32A of Chapter 115C of the
 19 General Statutes if the loan repayment is outstanding for more than 30 days.
- 20 (11) To administer the awarding of scholarship grants to students attending
 21 nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the
 22 General Statutes.
- 23 (12) To administer the coordinated and centralized process for determining
 24 residency for tuition and State-funded financial aid purposes that is jointly
 25 developed and implemented by The University of North Carolina, the North
 26 Carolina Community College System, and the Authority, in consultation with
 27 the North Carolina Independent Colleges and Universities.
- 28 (13) To collect loan repayments for scholarship loans awarded under the former
 29 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan
 30 repayment is outstanding for more than 30 days."

31 **SECTION 8A.4.(c)** G.S. 116-205 reads as rewritten:

32 **"§ 116-205. Title to property; use of State lands; offices.**

33 (a) Title to any property acquired by the Authority shall be taken in the name of the
 34 Authority.

35 (b) The State hereby consents, subject to the approval of the ~~Governor~~Governor, the
 36 Board of Governors of The University of North Carolina, and Council of State, to the use of any
 37 other lands or property owned by the State, which are deemed by the Authority to be necessary
 38 for its purposes.

39 (c) ~~The~~Upon approval by The University of North Carolina System Office, the Authority
 40 may establish such offices in ~~state-owned~~State-owned or rented structures as it deems
 41 appropriate for its purposes."

42 **SECTION 8A.4.(d)** G.S. 116-209.14 reads as rewritten:

43 **"§ 116-209.14. Annual reports.**

44 The Authority shall, following the close of each fiscal year, publish an annual report of its
 45 activities for the preceding year to the ~~Governor~~Board of Governors of The University of North
 46 Carolina, the Governor, and the General Assembly. Each report shall set forth a complete
 47 operating and financial statement covering the operations of the Authority during the year. The
 48 operations of the Authority shall be subject to the oversight of the State Auditor pursuant to
 49 Article 5A of Chapter 147 of the General Statutes."

50 **SECTION 8A.4.(e)** G.S. 116-209.21 is repealed.

- 1 b. Is a persistently low-achieving school, as identified by the Department
2 of Public Instruction for purposes of federal accountability.
- 3 c. A middle school containing any of grades five through eight that feeds
4 into a high school with less than a seventy-five percent (75%)
5 four-year cohort graduation rate.
- 6 d. A high school with less than a seventy-five percent (75%) four-year
7 cohort graduation rate.
- 8 (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 9 (7) Principal. – The highest administrative official in a public school building
10 with primary responsibility for the instructional leadership, talent
11 management, and organizational development of the school.
- 12 (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 13 (9) Program. – The North Carolina Principal Fellows ~~and Transforming Principal~~
14 ~~Preparation~~ Program established pursuant to G.S. 116-74.44.
- 15 (10) Public school. – An elementary or secondary school located in North Carolina
16 that is operated by a local board of education, charter school board of
17 directors, regional school board of directors, chancellor for a University of
18 North Carolina laboratory school, an innovative school operator, or the United
19 States government.
- 20 (11) School leader. – An individual employed in a school leadership role, including
21 principal or assistant principal roles.
- 22 (12) Student achievement. – At the whole school level, after three years of leading
23 a school, consistent and methodologically sound measures of:
- 24 a. Student academic achievement.
- 25 b. Aggregated individual student academic growth.
- 26 c. Additional outcomes, such as high school graduation rates, the
27 percentage of students taking advanced-level coursework, or the
28 percentage of students who obtain a career-related credential through
29 a national business certification exam.
- 30 (13) Trust Fund. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund
31 established pursuant to G.S. 116-74.41B.

32 **"§ 116-74.41B. The North Carolina Principal Fellows ~~and TP3~~ Trust Fund.**

33 (a) Trust Fund Established. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund
34 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated
35 to, or otherwise received by, (i) the Program for the award of grants pursuant to G.S. 116-74.44,
36 (ii) all funds received as repayment of scholarship loans, including under the former Principal
37 Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation
38 Program under G.S. 116-209.77, and (iii) all interest earned on these funds shall be placed in the
39 Trust Fund.

40 (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only
41 for the purposes set forth in this subsection, including the award of grants pursuant to
42 G.S. 116-74.44, administrative costs, and costs associated with Program operations in
43 accordance with this Article. The Authority may use up to two percent (2%) of the funds
44 appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust
45 Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds
46 advanced under the Program, and may allocate to the Commission up to eight hundred thousand
47 dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- 48 (1) The salary and benefits of the director and staff of the Program.
- 49 (2) The expenses of the Commission to administer the Program.
- 50 (3) Program monitoring and evaluation.
- 51 (4) Extracurricular enhancement activities for the Program.

1 (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.

2 Within funds available in the Trust Fund that are not otherwise obligated for grant awards,
3 the Commission may also approve that monies in the Trust Fund be used for program monitoring
4 and evaluation and for program enhancement resources that are intended to improve the program
5 outcomes. These funds are in addition to any funds allocated to the Commission for these
6 purposes under this subsection.

7 ...
8 **"§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation**
9 **Program established; administration.**

10 (a) Established. – There is established the North Carolina Principal Fellows ~~and~~
11 ~~Transforming Principal Preparation~~ Program as a competitive grant program for eligible entities
12 for the purpose of elevating educators in North Carolina public schools by transforming the
13 preparation of principals across the State and providing for forgivable scholarship loans to the
14 participants of those school leader preparation programs. The Authority shall administer the
15 North Carolina Principal Fellows ~~and Transforming Principal Preparation~~ Program in
16 collaboration with the Commission as set forth in this Article to provide funds for the preparation
17 and support of highly effective future school principals in North Carolina.

18 ...
19 **"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;**
20 **reporting requirements.**

21 ...
22 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority
23 of its decisions on the duration and renewal of grants to eligible entities made in accordance with
24 the following:

25 ...
26 (3) In evaluating performance for purposes of grant renewal and making its
27 renewal decisions to provide to the Authority, the Commission shall consider
28 at least the following:

- 29 a. For all grantees, the primary consideration in renewing grants shall be
30 the extent to which program participants improved student
31 achievement in eligible schools.
- 32 b. Other criteria from data received in the annual report in subsection (d)
33 of this section may include the following:
- 34 1. The percentage of program completers who are placed as
35 school leaders in this State within three years of receiving a
36 grant.
 - 37 2. The percentage of program completers who are rated proficient
38 or above on the North Carolina School Executive Evaluation
39 Rubric.
 - 40 3. The use of a rigorous, annual assessment process of each
41 aspiring school leader.
 - 42 4. The inclusion of a robust coaching model for each aspiring
43 school leader throughout the residency.

44 ...
45 **"§ 116-74.49. Staff to the Commission.**

46 The Commission shall appoint a director of the North Carolina Principal Fellows ~~and~~
47 ~~Transforming Principal Preparation~~ Program. The director shall chair and staff the Commission
48 and shall administer the extracurricular enhancement activities of the Program. The University
49 of North Carolina System Office shall provide office space for the Program. The office space
50 shall not be located on the campus of a constituent institution."
51

1 STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S
2 SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

3 SECTION 8A.7.(a) G.S. 116-204 reads as rewritten:

4 "§ 116-204. Powers of Authority.

5 The Authority is hereby authorized and empowered:

6 ...

7 (11a) To be responsible for the disbursement and accounting of funds for the State's
8 Scholarships for Children of Wartime Veterans established by Part 2 of Article
9 14 of Chapter 143B of the General Statutes.

10"

11 SECTION 8A.7.(b) G.S. 116B-7 reads as rewritten:

12 "§ 116B-7. Distribution of fund.

13 ...

14 (b) An amount specified in the Current Operations Appropriations Act shall be
15 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~
16 Board of Governors of The University of North Carolina to be allocated to the State Education
17 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans
18 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be
19 used only for residents of this State who (i) are worthy and needy as determined by the
20 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher
21 education of this State."

22 SECTION 8A.7.(c) G.S. 143B-1211 reads as rewritten:

23 "§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

24 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
25 following:

26 ...

27 (11) Manage and maintain the State's Scholarships for Children of Wartime
28 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the
29 General Statutes and in support of the Veterans' Affairs
30 ~~Commission~~Commission; provided, however, the disbursement of
31 scholarships to the children of wartime veterans shall be performed by the
32 State Education Assistance Authority established pursuant to Article 23 of
33 Chapter 116 of the General Statutes.

34"

35 SECTION 8A.7.(d) G.S. 143B-1220 reads as rewritten:

36 "§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.

37 There is hereby created the Veterans' Affairs Commission of the Department of Military and
38 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and
39 duties, as delegated by the Secretary of Military and Veterans Affairs:

40 ...

41 (3) To promulgate rules and regulations concerning the awarding of scholarships
42 for children of North Carolina veterans as provided by this Article. The
43 Commission shall make rules and regulations consistent with the provisions
44 of this Article. All rules and regulations not inconsistent with the provisions
45 of this Chapter heretofore adopted by the State Board of Veterans' Affairs
46 shall remain in full force and effect unless and until repealed or superseded by
47 action of the Veterans' Affairs Commission. All rules and regulations adopted
48 by the Commission shall be enforced by the Department of Military and
49 Veterans ~~Affairs~~Affairs and, in the disbursement of scholarships, the
50 Authority, as directed by the Department on behalf of the Commission; and

51"

1 **SECTION 8A.7.(e)** G.S. 143B-1224 reads as rewritten:

2 "**§ 143B-1224. Definitions.**

3 As used in this Part the terms defined in this section shall have the following meaning:

4 ...

5 (2a) "Authority" means the State Education Assistance Authority established
6 pursuant to Article 23 of Chapter 116 of the General Statutes.

7 "

8 **SECTION 8A.7.(f)** G.S. 143B-1225 reads as rewritten:

9 "**§ 143B-1225. Scholarship.**

10 ...

11 (b) The Veterans' Affairs Commission shall select recipients for scholarships and notify
12 the Authority of the recipients for the disbursement of scholarships in accordance with the
13 provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans'
14 Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies
15 from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall
16 notify the recipient by May 1st of the year in which the recipient enrolls in college."

17 **SECTION 8A.7.(g)** G.S. 143B-1227 reads as rewritten:

18 "**§ 143B-1227. Administration and funding.**

19 (a) The administration of the scholarship program shall be vested in the Department of
20 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a
21 the responsibility of the Department of Military and Veterans Affairs Authority. The Veterans'
22 Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,
23 establish the effective date of scholarships, and may notify the Authority of the need to suspend
24 or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not
25 comply with the registration requirements of the Selective Service System or does not maintain
26 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the
27 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the
28 peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain
29 the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such
30 rules and regulations not inconsistent with the other provisions of this Part as it deems necessary
31 for the orderly administration of the program. It may require of State or private educational
32 institutions, as defined in this Part, such reports and other information as it may need to carry out
33 the provisions of this Part. ~~The Department of Military and Veterans Affairs Authority~~ shall
34 disburse scholarship payments for recipients certified eligible by the Department of Military and
35 Veterans Affairs upon certification of enrollment by the enrolling institution.

36 (b) Funds for the support of this program shall be appropriated to the ~~Department of~~
37 Military and Veterans Affairs Board of Governors of The University of North Carolina to be
38 allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,
39 and other charges, and shall be placed in a separate budget code from which disbursements shall
40 be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as
41 provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of
42 this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~
43 ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~
44 ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~
45 ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated
46 for payments under the provisions of this section shall be in accordance with those standards and
47 procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

48 (c) Allowances for room and board in State educational institutions shall be at such rate
49 as established by the Secretary of the Department of Military and Veterans Affairs.

50 (d) Scholarship recipients electing to attend a private educational institution shall be
51 granted a monetary allowance for each term or other academic period attended under their

1 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
2 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III
3 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course
4 or institution. The amount of ~~said~~the allowances shall be determined by the Director of the
5 Budget and made known prior to the beginning of each fall quarter or semester; provided that the
6 Director of the Budget may change the allowances at intermediate periods when in his or her
7 judgment such changes are necessary. Disbursements by the State shall be to the private
8 institution concerned, for credit to the account of each recipient attending ~~said~~the institution.
9 The manner of payment to any private institution shall be as prescribed by the ~~Department of~~
10 ~~Military and Veterans Affairs~~Authority. The participation by any private institution in the
11 program shall be subject to the applicable provisions of this Part and to examination by State
12 auditors of the accounts of scholarship recipients attending or having attended private
13 institutions. The ~~Veterans' Affairs Commission~~Authority may defer making an award or may
14 suspend an award in any private institution which does not comply with the provisions of this
15 Part relating to ~~said~~the institutions.

16 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~
17 Authority may prescribe special procedures for adjusting the accounts of scholarship recipients
18 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory
19 to the ~~Veterans' Affairs Commission~~Authority may withdraw from State or private educational
20 institutions prior to the completion of the term, semester, quarter or other academic period being
21 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,
22 paying the recipient the dollar value of his or her unused ~~entitlements~~scholarship for the
23 academic period being attended, with a corresponding deduction of this period from his or her
24 remaining scholarship eligibility time.

25 (f) From the funds appropriated from the General Fund each fiscal year to support the
26 program, the Authority may use up to one hundred fifty thousand dollars (\$150,000) each fiscal
27 year for administrative costs for the disbursement and accounting activities for the program."

28 **SECTION 8A.7.(h)** This section applies beginning with scholarships awarded for
29 the 2021-2022 academic year.

30 31 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

32 **SECTION 8A.8.(a)** Scholarship Program Established. – Of the funds appropriated
33 by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North
34 Carolina for the Washington Center Internship Scholarship Program, the State Education
35 Assistance Authority (Authority) shall award scholarship grants to students who are residents of
36 North Carolina and are enrolled in their second year or higher in a constituent institution of The
37 University of North Carolina to attend a semester or summer term internship program at The
38 Washington Center for Internships and Academic Seminars (Washington Center) located in
39 Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines
40 and procedures established by the Authority consistent with its practices for administering
41 State-funded financial aid. The guidelines and procedures shall include an application process
42 and schedule, notification and disbursement procedures, standards for reporting, and standards
43 for return of funds when a student withdraws from the program. A student who meets the
44 eligibility criteria of the Washington Center to attend a semester or summer term internship
45 program may apply to the Authority for a grant to cover costs related to the internship program
46 in an amount of up to seven thousand dollars (\$7,000). The Authority shall award grants to
47 students in the order in which applications are received.

48 **SECTION 8A.8.(b)** Limitations on Grant Amount. – If a student who is eligible for
49 a grant pursuant to this section also receives a scholarship or other grant covering the cost of
50 attendance for the program, then the amount of the State grant shall be reduced by an appropriate
51 amount determined by the Authority. The Authority shall reduce the amount of the grant so that

1 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost
2 of attendance for the program, including program fees, housing, and incidental costs. The cost of
3 attendance shall be established by the Authority in accordance with information provided to the
4 Authority by the Washington Center.

5 **SECTION 8A.8(c)** Internship Activities. – A student participating in the Washington
6 Center's program shall (i) intern four days a week with a nonprofit corporation, private company,
7 federal agency, or a member of the United States Congress, (ii) take an academic class taught by
8 the Washington Center's faculty, (iii) participate in career readiness training programs, and (iv)
9 be responsible for a final portfolio project outlining work completed during the program.
10 Students from all academic majors can participate and benefit from the program.

11 **SECTION 8A.8.(d)** Funds for the Program. – Any funds that are unencumbered for
12 the program at the end of each fiscal year shall not revert to the General Fund but shall remain
13 available for the purposes of this section. The Authority may use up to one percent (1%) of the
14 funds appropriated each fiscal year for the program for administrative costs.

15 **SECTION 8A.8.(e)** Reporting. – By March 1, 2023, the Authority, in consultation
16 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,
17 the Senate Appropriations Committee on Education/Higher Education, the House of
18 Representatives Appropriations Committee on Education, and the Fiscal Research Division on
19 the implementation of the scholarship program, including the number of participating students
20 and the amount of awards for each semester or summer term by constituent institution.

21 **SECTION 8A.8.(f)** This section applies beginning with the award of scholarship
22 grants for the 2022 spring academic semester.
23

24 **PRIVATE COLLEGES AND UNIVERSITIES/SUPPORT FOR RESPONSES TO THE** 25 **COVID-19 PANDEMIC**

26 **SECTION 8A.9.(a)** Of the funds appropriated by this act to the Board of Governors
27 of The University of North Carolina to be allocated to the State Education Assistance Authority
28 (Authority) from the State Fiscal Recovery Fund, the Authority shall provide funds to eligible
29 private postsecondary institutions, as defined in G.S. 116-280(3), by apportioning the funds to
30 those institutions according to the following:

31 (1) The Authority shall first distribute funds to each eligible private
32 postsecondary institution on the basis of two thousand five hundred dollars
33 (\$2,500) per student who received a scholarship pursuant to Article 34 of
34 Chapter 116 of the General Statutes in the 2019-2020 academic year.

35 (2) After the Authority distributes funds to eligible private postsecondary
36 institutions pursuant to subdivision (1) of this section, the Authority shall
37 distribute any remaining funds to eligible private postsecondary institutions
38 that qualified to receive federal funds pursuant to section 314(a)(2) of the
39 Coronavirus Response and Relief Supplemental Appropriations Act, 2021,
40 P.L. 116-260, under one of the following programs:

41 a. Historically Black Colleges and Universities (HBCUs).

42 b. Minority Serving Institutions (MSIs).

43 c. Strengthening Institutions Program (SIPs).

44 Funds under this subdivision shall be distributed to an eligible private
45 postsecondary institution in an amount proportional to the amount of federal
46 funds the institution qualified for under the programs listed in
47 sub-subdivisions a. through c. of this subdivision relative to the total amount
48 of federal funds from the programs listed in sub-subdivisions a. through c. of
49 this subdivision that were allocated to all of the qualifying eligible private
50 postsecondary institutions.

1 **SECTION 8A.9.(b)** In applying the allocation methods set forth in subsection (a) of
 2 this section, the Authority shall distribute a total amount of funds to eligible private
 3 postsecondary institutions based on the following estimated schedule, provided funds may be
 4 subject to adjustment as the Authority deems necessary:

	Institution	Amount of Funds
5	Barton College	\$1,534,341
6	Belmont Abbey College	\$1,142,500
7	Bennett College	\$3,014,603
8	Brevard College	\$823,752
9	Cabarrus College of Health Sciences	\$497,500
10	Campbell University	\$3,577,500
11	Carolinas College of Health Sciences	\$107,500
12	Catawba College	\$1,525,000
13	Chowan University	\$2,215,028
14	Davidson College	\$250,000
15	Duke University	\$552,500
16	Elon University	\$815,000
17	Gardner-Webb University	\$2,513,410
18	Greensboro College	\$1,212,992
19	Guilford College	\$1,905,616
20	High Point University	\$815,000
21	Johnson & Wales University-Charlotte	\$1,145,000
22	Johnson C. Smith University	\$14,312,710
23	Lees-McRae College	\$1,244,121
24	Lenoir-Rhyne University	\$2,602,301
25	Livingstone College	\$12,588,213
26	Louisburg College	\$1,358,141
27	Mars Hill University	\$1,777,095
28	Meredith College	\$1,742,500
29	Methodist University	\$1,923,884
30	Mid-Atlantic Christian University	\$254,757
31	Montreat College	\$858,684
32	North Carolina Wesleyan College	\$3,449,645
33	Pfeiffer University	\$1,702,892
34	Queens University of Charlotte	\$1,180,000
35	Salem College	\$955,697
36	Shaw University	\$11,861,809
37	Southeastern Baptist Theological Seminary	\$330,000
38	St. Andrews University	\$502,500
39	St. Augustine's University	\$8,123,866
40	University of Mount Olive	\$3,356,227
41	Wake Forest University	\$667,500
42	Warren Wilson College	\$505,000
43	William Peace University	\$1,310,218
44	Wingate University	\$3,739,997
45	Watts School of Nursing	\$5,000

46 **SECTION 8A.9.(c)** The funds distributed to eligible private postsecondary
 47 institutions under this section shall be used to mitigate losses in revenue and to respond to the
 48 negative impacts of the COVID-19 pandemic for any permissible uses allowed under federal law
 49 and guidance, including, but not limited to, financial assistance for students, COVID-19 testing,
 50

1 cleaning costs, personal protective equipment and any other necessary equipment, and ventilation
2 improvements for congregate settings.

3
4 **PART IX. HEALTH AND HUMAN SERVICES**

5
6 **PART IX-A. AGING AND ADULT SERVICES**

7
8 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

9 **SECTION 9A.1.(a)** For each year of the 2021-2023 fiscal biennium, the maximum
10 monthly rate for residents in adult care home facilities shall be one thousand one hundred
11 eighty-two dollars (\$1,182) per month per resident.

12 **SECTION 9A.1.(b)** For each year of the 2021-2023 fiscal biennium, the maximum
13 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five
14 hundred fifteen dollars (\$1,515) per month per resident.

15
16 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**
17 **ALLOWANCE**

18 **SECTION 9A.2.(a)** Effective October 1, 2021, the Department of Health and Human
19 Services, Division of Aging and Adult Services, shall increase the personal needs allowance
20 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month
21 per recipient to seventy dollars (\$70.00) per month per recipient.

22 **SECTION 9A.2.(b)** Effective October 1, 2021, and notwithstanding the increase in
23 the personal needs allowance authorized by subsection (a) of this section or any other provision
24 of law to the contrary, the following limits are applicable for determining financial eligibility for
25 State-County Special Assistance:

- 26 (1) The total countable monthly income for individuals residing in adult care
27 home facilities shall not exceed one thousand two hundred twenty-eight
28 dollars (\$1,228) per month.
29 (2) The total countable monthly income for individuals residing in
30 Alzheimer's/Dementia special care units shall not exceed one thousand five
31 hundred sixty-one dollars (\$1,561) per month.
32

33 **REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY**
34 **SPECIAL ASSISTANCE IN-HOME PAYMENTS**

35 **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

36 "(a) The Department of Health and Human Services may use funds from the existing
37 State-County Special Assistance budget to provide Special Assistance payments to eligible
38 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~
39 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The
40 standard monthly payment to individuals enrolled in the Special Assistance in-home program
41 shall be one hundred percent (100%) of the monthly payment the individual would receive if the
42 individual resided in an adult care home and qualified for Special Assistance, except if a lesser
43 payment amount is appropriate for the individual as determined by the local case manager. The
44 Department shall implement Special Assistance in-home eligibility policies and procedures to
45 assure that in-home program participants are those individuals who need and, but for the in-home
46 program, would seek placement in an adult care home facility. The Department's policies and
47 procedures shall include the use of a functional assessment."
48

49 **STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES**

50 **SECTION 9A.3A.(a)** It is the intent of the General Assembly to provide greater
51 parity among individuals receiving benefits under the State-County Special Assistance Program

1 authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special
2 care unit, or an in-home living arrangement. To that end, by November 1, 2021, the Department
3 of Health and Human Services, Division of Aging and Adult Services, shall apply to the federal
4 Social Security Administration (SSA) for approval to allow eligible individuals residing in
5 in-home living arrangements to qualify for State-County Special Assistance under the Social
6 Security Optional State Supplement Program in the same manner as individuals residing in adult
7 care homes or special care units. Additionally, by November 1, 2021, the Department of Health
8 and Human Services, Division of Health Benefits, shall submit a State Plan amendment to the
9 Centers for Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for
10 individuals residing in in-home living arrangements who qualify for State-County Special
11 Assistance under the Social Security Optional State Supplement Program. It is the further intent
12 of the General Assembly to appropriate sufficient funds in future fiscal years to support annual
13 adjustment of the State-County Special Assistance Program payment rates using the federally
14 approved Social Security cost-of-living adjustment. This subsection is effective when it becomes
15 law.

16 **SECTION 9A.3A.(b)** Part 3 of Article 2 of Chapter 108A of the General Statutes,
17 as amended by Section 9A.3 of this act, reads as rewritten:

18 "Part 3. State-County Special Assistance.

19 **"§ 108A-40. Authorization of State-County Special Assistance Program.**

20 The Department is authorized to establish and supervise a State-County Special Assistance
21 Program. ~~This program is to be administered by county~~ County departments of social services
22 shall administer this program under rules and regulations of the Social Services Commission.

23 **"§ 108A-41. ~~(See Editor's note)~~ Eligibility.**

24 (a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to
25 all persons residing in adult care homes—homes, special care units, and in-home living
26 arrangements for care found to be essential in accordance with the rules and regulations adopted
27 by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the
28 term "adult care home" includes a supervised living facility for adults with intellectual and
29 developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

30 (b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person
31 described in subsection (a) of this section who meets all of the following criteria:

32 (1) Meets one of the following:

33 a. Is 65 years of age or older.

34 b. Is between the ages of 18 and 65, and is permanently and totally
35 disabled or is legally blind pursuant to G.S. 111-11.

36 (1a) Needs placement in an adult care home or special care unit and either resides
37 in an adult care home or special care unit, or would seek placement in an adult
38 care home or special care unit if not for the State-County Special Assistance
39 Program.

40 (2) ~~(Effective until contingency met — see Editor's note)~~ Has insufficient
41 income or other resources to provide a reasonable subsistence compatible with
42 decency and health as determined by the rules and regulations of the Social
43 Services Commission; and Commission. The following income limits are
44 applicable for determining financial eligibility for State-County Special
45 Assistance:

46 a. The total countable monthly income for individuals residing in adult
47 care home facilities or in-home living arrangements without a
48 diagnosis of Alzheimer's disease or dementia shall not exceed the basic
49 rate established in subsection (a) of G.S. 108A-42.1 plus a personal
50 needs allowance in an amount determined by the General Assembly.

1 b. The total countable monthly income for individuals residing in special
2 care units or in-home living arrangements with a diagnosis of
3 Alzheimer's disease or dementia shall not exceed the enhanced rate
4 established in subsection (b) of G.S. 108A-42.1 plus a personal needs
5 allowance in an amount determined by the General Assembly.

6 (2) ~~(For contingent effective date, see Editor's note) Has both (i) income at or~~
7 ~~below one hundred percent (100%) of the federal poverty level guidelines~~
8 ~~published by the United States Department of Health and Human Services and~~
9 ~~(ii) insufficient income or other resources to provide a reasonable subsistence~~
10 ~~compatible with decency and health as determined by the rules and regulations~~
11 ~~of the Social Services Commission.~~

12 (3) Is one of the following:

- 13 a. A resident of North Carolina for at least 90 days immediately prior to
14 receiving this assistance.
15 b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November
16 1, 2014.
17 c. A person discharged from a State facility who was a patient in the
18 facility as a result of an interstate mental health compact that requires
19 the State to continue treating the person within the State. As used in
20 this sub-subdivision the term State facility is a facility listed under
21 G.S. 122C-181.

22 (c) When determining whether a person has insufficient resources to provide a reasonable
23 subsistence compatible with decency and health, there shall be excluded from consideration the
24 person's primary place of residence and the land on which it is situated, and in addition there
25 shall be excluded real property contiguous with the person's primary place of residence in which
26 the property tax value is less than twelve thousand dollars (\$12,000).

27 (d) The county shall also have the option of granting assistance to Certain Disabled
28 persons as defined in the rules and regulations adopted by the Social Services Commission.
29 Nothing in this Part should be interpreted so as to preclude any individual county from operating
30 any program of financial assistance using only county funds.

31 ...

32 **"§ 108A-42.1. State-County Special Assistance Program payment rates.**

33 (a) Basic Rate. – The maximum monthly rate for State-County Special Assistance
34 recipients residing in adult care homes or in-home living arrangements without a diagnosis of
35 Alzheimer's disease or dementia shall be one thousand one hundred eighty-two dollars (\$1,182)
36 per month per resident.

37 (b) Enhanced Rate. – The maximum monthly rate for State-County Special Assistance
38 recipients residing in special care units or in-home living arrangements with a diagnosis of
39 Alzheimer's disease or dementia shall be one thousand five hundred fifteen dollars (\$1,515) per
40 month per resident.

41 ...

42 **"§ 108A-47.1. Special Assistance in-home payments.**

43 ~~(a) The Department of Health and Human Services may use funds from the existing~~
44 ~~State-County Special Assistance budget to provide Special Assistance payments to eligible~~
45 ~~individuals 18 years of age or older in in-home living arrangements. The standard monthly~~
46 ~~payment to individuals enrolled in the Special Assistance in-home program shall be one hundred~~
47 ~~percent (100%) of the monthly payment the individual would receive if the individual resided in~~
48 ~~an adult care home and qualified for Special Assistance, except if a lesser payment amount is~~
49 ~~appropriate for the individual as determined by the local case manager. The Department shall~~
50 ~~implement Special Assistance in-home eligibility policies and procedures to assure that in-home~~
51 ~~program participants are those individuals who need and, but for the in-home program, would~~

1 seek placement in an adult care home facility. The Department's policies and procedures shall
2 include the use of a functional assessment.

3 (b) ~~All county departments of social services shall participate in the State-County Special
4 Assistance in home program by making Special Assistance in home slots available to individuals
5 who meet the eligibility requirements established by the Department pursuant to subsection (a)
6 of this section. By February 15, 2013, the Department shall establish a formula to determine the
7 need for additional State-County Special Assistance in home slots for each county. Beginning
8 July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as
9 necessary.~~

10"

11 **SECTION 9A.3A.(c)** G.S. 143B-139.5 reads as rewritten:

12 **"§ 143B-139.5. Department of Health and Human Services; adult care State/county share
13 of costs for State-County Special Assistance programs.**

14 State funds available to the Department of Health and Human Services shall pay fifty percent
15 (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care
16 homes including area mental health agency-operated or contracted-group ~~homes, homes, special
17 care units, and in-home living arrangements.~~ The Department shall use the State's appropriation
18 to the State-County Special Assistance program for this ~~program, for the State-County Special
19 Assistance in home program, program~~ and for rental assistance. Each county shall use county
20 funds budgeted for the State-County Special Assistance program for this ~~program, for the
21 State-County Special Assistance in home program, program~~ and for rental assistance."

22 **SECTION 9A.3A.(d)** Subsections (b) and (c) of this section become effective on
23 July 1, 2022, or 30 days after the date both the SSA and CMS approve the applications submitted
24 by the Department of Health and Human Services pursuant to subsection (a) of this section,
25 whichever is later. The Secretary of the Department of Health and Human Services shall report
26 to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of
27 the approval. Subsections (b) and (c) of this section shall not become effective if either the SSA
28 or CMS disapproves the applications submitted by the Department of Health and Human Services
29 pursuant to subsection (a) of this section. If the Department of Health and Human Services has
30 not received notification of application approval from both the SSA and CMS by June 30, 2023,
31 then subsections (b) and (c) of this section shall expire. This subsection is effective when it
32 becomes law.

33 **SECTION 9A.3A.(e)** Of the funds appropriated in this act to the Department of
34 Health and Human Services, Division of Aging and Adult Services, the sum of thirty million
35 dollars (\$30,000,000) in recurring funds for the 2022-2023 fiscal year shall be used to implement
36 the changes to the State-County Special Assistance Program enacted by subsections (b) and (c)
37 of this section. The Division of Aging and Adult Services may transfer the funds allocated under
38 this subsection to the Division of Social Services, the Division of Health Benefits, or both, as
39 necessary to effectuate the purposes of this section. These funds shall not be used for any purpose
40 other than the purposes specified in this section. If either the SSA or CMS disapproves the
41 applications submitted by the Department of Health and Human Services pursuant to subsection
42 (a) of this section, these funds shall revert to the General Fund. This subsection is effective July
43 1, 2021.

44 **SECTION 9A.3A.(f)** Section 9A.1 and Section 9A.2(b) of this act are repealed on
45 the date subsections (b) and (c) of this section become effective. This subsection is effective
46 when it becomes law.

47
48 **AUTHORIZATION FOR LOCAL ENTITIES TO SET REIMBURSEMENT RATES
49 FOR ADULT DAY CARE, ADULT DAY HEALTH, AND ASSOCIATED
50 TRANSPORTATION SERVICES FUNDED BY THE HOME AND COMMUNITY
51 CARE BLOCK GRANT AND THE STATE ADULT DAY CARE FUND**

1 **SECTION 9A.3B.(a)** G.S. 143B-181.1 reads as rewritten:

2 "**§ 143B-181.1. Division of Aging – creation, powers and duties.**

3 (a) There is hereby created within the office of the Secretary of the Department of Health
4 and Human Services a Division of Aging, which shall have the following functions and duties:

5 ...

6 (11) To administer a Home and Community Care Block Grant for older adults,
7 effective July 1, 1992. The Home and Community Care Block Grant shall be
8 comprised of applicable Older Americans Act funds, Social Services Block
9 Grant funding in support of the Respite Care Program (G.S. 143B-181.10),
10 State funds for home and community care services administered by the
11 Division of Aging, portions of the State In-Home and Adult Day Care funds
12 (Chapter 1048, 1981 Session Laws) administered by the Division of Social
13 Services which support services to older adults, and other funds appropriated
14 by the General Assembly as part of the Home and Community Care Block
15 Grant. Funding currently administered by the Division of Social Services to
16 be included in the block grant will be based on the expenditures for older
17 adults at a point in time to be mutually determined by the Divisions of Social
18 Services and Aging. Reimbursement rates for adult day care services, adult
19 day health services, and associated transportation services paid under the
20 Home and Community Care Block Grant and the State Adult Day Care Fund
21 shall be established at the local level. These rates shall reflect geographical
22 differences, the availability of services, the cost to provide services, and other
23 local variables. The total amount of Older Americans Act funds to be included
24 in the Home and Community Care Block Grant and the matching rates for the
25 block grant shall be established by the Department of Health and Human
26 Services, Division of Aging. Allocations made to counties in support of older
27 adults shall not be less than resources made available for the period July 1,
28 1990, through June 30, 1991, contingent upon availability of current State and
29 federal funding; and

30 ...

31 (c) The Secretary of Health and Human Services shall adopt rules to implement this Part
32 and Title 42, Chapter 35, of the United States Code, entitled Programs for Older Americans."

33 **SECTION 9A.3B.(b)** G.S. 143B-153 reads as rewritten:

34 "**§ 143B-153. Social Services Commission – creation, powers and duties.**

35 There is hereby created the Social Services Commission of the Department of Health and
36 Human Services with the power and duty to adopt rules and regulations to be followed in the
37 conduct of the State's social service programs with the power and duty to adopt, amend, and
38 rescind rules and regulations under and not inconsistent with the laws of the State necessary to
39 carry out the provisions and purposes of this Article. Provided, however, the Department of
40 Health and Human Services shall have the power and duty to adopt rules and regulations to be
41 followed in the conduct of the State's medical assistance program. [The Commission has the
42 following powers and duties:]

43 ...

44 (2a) The Social Services Commission shall have the power and duty to establish
45 standards and adopt rules and regulations:

46 a. For social services programs established by federal legislation and by
47 Article 3 of G.S. Chapter ~~108A~~;108A.

48 b. For implementation of Title XX of the Social Security Act, except for
49 Title XX services provided solely through the Division of Mental
50 Health, Developmental Disabilities, and Substance Abuse Services, by
51 promulgating rules and regulations in the following areas:

- 1 1. Eligibility for all services established under a Comprehensive
- 2 Annual Services Plan, as required by federal ~~law;~~law.
- 3 2. Standards to implement all services established under the
- 4 Comprehensive Annual Services ~~Plan;~~Plan.
- 5 3. Maximum rates of payment for the provision of social
- 6 services;services, except there shall be no maximum statewide
- 7 reimbursement rate for adult day care services, adult day health
- 8 services, and the associated transportation services, as these
- 9 reimbursement rates shall be determined at the local level to
- 10 allow flexibility in responding to local variables.
- 11 4. Fees for services to be paid by recipients of social
- 12 ~~services;~~services.
- 13 5. Designation of certain mandated services, from among the
- 14 services established by the Secretary ~~below,~~ in accordance
- 15 with sub-subdivision c. of this subdivision which shall be
- 16 provided in each county of the ~~State; and~~State.
- 17 6. Title XX services for the blind, after consultation with the
- 18 Commission for the Blind.
- 19 c. Provided, that the Secretary is authorized to promulgate all other rules
- 20 in at least the following areas:
- 21 1. Establishment, identification, and definition of all services
- 22 offered under the Comprehensive Annual Services ~~Plan;~~Plan.
- 23 2. Policies governing the allocation, budgeting, and expenditures
- 24 of funds administered by the ~~Department;~~Department.
- 25 3. Contracting for and purchasing ~~services; and~~services
- 26 4. Monitoring for effectiveness and compliance with State and
- 27 federal law and regulations.

28"

29 **SECTION 9A.3B.(c)** The Department of Health and Human Services, Division of
 30 Aging and Adult Services, Division of Social Services, and the Social Services Commission shall
 31 amend or repeal any rules requiring a maximum statewide reimbursement rate for adult day care
 32 and adult day health services paid under the Home and Community Care Block Grant and the
 33 State Adult Day Care Fund. Rules shall be promulgated to allow the reimbursement rates for
 34 adult day care services, adult day health services, and associated transportation services to be set
 35 by each county lead agency for planning and coordination. The rates shall reflect geographical
 36 differences, the availability of services, the cost to provide services, and other local variables.

37 **SECTION 9A.3B.(d)** This section is effective when it becomes law.

38
 39 **RAPID REHOUSING FOR INDIVIDUALS AND FAMILIES AT RISK OF**
 40 **HOMELESSNESS**

41 **SECTION 9A.4.** Of the funds appropriated in this act from the State Fiscal Recovery
 42 Fund to the Department of Health and Human Services, Division of Aging and Adult Services,
 43 the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal
 44 year shall be allocated for rapid rehousing services to assist individuals and families at risk of
 45 homelessness due to the COVID-19 public health emergency with obtaining safe housing. These
 46 funds shall be used to supplement and not supplant existing funds for homelessness prevention
 47 activities and may be used to provide financial assistance to eligible individuals and families to
 48 cover the cost of acute needs such as the following:

- 49 (1) Security deposits and rental assistance for a period not to exceed 12 months
- 50 per individual or family.

- (2) Utility deposits and utility assistance for a period not to exceed 12 months per individual or family.
- (3) Temporary hotel stays while awaiting more permanent housing.
- (4) Housing navigation services.
- (5) Case management services related to the rapid attainment of safe housing.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS

SECTION 9B.1. Any non-State entity, as defined in G.S. 143C-1-1, that is a recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division as follows:

- (1) By July 1, 2022, on the use of directed grant funds received under Part IX of this act for the 2021-2022 fiscal year.
- (2) By July 1, 2023, on the use of directed grant funds received under Part IX of this act for the 2022-2023 fiscal year.

FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST) SYSTEM

SECTION 9B.2.(a) The State Controller shall transfer the sum of thirty-nine million six hundred sixty-three thousand three hundred seventeen dollars (\$39,663,317) in nonrecurring funds for the 2021-2022 fiscal year and the sum of thirty-eight million three hundred fifty-five thousand six hundred forty dollars (\$38,355,640) in nonrecurring funds for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to the Department of Health and Human Services, Division of Central Management and Support, to be used as follows:

- (1) Twenty-six million three hundred nineteen thousand five hundred dollars (\$26,319,500) in nonrecurring funds for the 2021-2022 fiscal year and twenty-seven million three hundred twenty-two thousand six hundred seventy-five dollars (\$27,322,675) in nonrecurring funds for the 2022-2023 fiscal year shall be used to fund deployment of the child welfare case management component of the NC FAST system, as provided in Section 9I.15 of this act, and to match federal funds to expedite deployment of this functionality.
- (2) Ten million six hundred five thousand nine hundred eighty-eight dollars (\$10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five million eight hundred seventy-six thousand eight hundred six dollars (\$5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) updates and changes with respect to Medicaid Transformation, (ii) document management, and (iii) independent verification and validation support.
- (3) Two million seven hundred thirty-seven thousand eight hundred twenty-nine dollars (\$2,737,829) in nonrecurring funds for the 2021-2022 fiscal year and five million one hundred fifty-six thousand one hundred fifty-nine dollars (\$5,156,159) in nonrecurring funds for the 2022-2023 fiscal year for infrastructure modernization.

Funds transferred under this subsection are appropriated for the purposes set forth in this subsection.

1 **SECTION 9B.2.(b)** Of the funds appropriated in this act from the General Fund to
2 the Department of Health and Human Services, Division of Central Management and Support,
3 the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars
4 (\$19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million
5 nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring
6 funds for the 2022-2023 fiscal year shall be used for operations and maintenance expenses for
7 the North Carolina Families Accessing Services Through Technology (NC FAST) system.

8 **SECTION 9B.2.(c)** The Department of Health and Human Services, Division of
9 Central Management and Support, shall report any change in approved federal funding or federal
10 match rates within 30 days after the change to the Joint Legislative Oversight Committee on
11 Health and Human Services, the Joint Legislative Oversight Committee on Information
12 Technology, and the Fiscal Research Division.

13 **SECTION 9B.2.(d)** Departmental receipts appropriated in this act in the amount of
14 seventy-nine million eight hundred nine thousand seventy-eight dollars (\$79,809,078) for the
15 2021-2022 fiscal year and in the amount of seventy-eight million four hundred seventy-nine
16 thousand four hundred seventy-seven dollars (\$78,479,477) for the 2022-2023 fiscal year shall
17 be used for the purposes described in this section.

18 **MEDICAID TRANSFORMATION RESERVE FUNDS FOR INFORMATION** 19 **TECHNOLOGY DIVISION SUPPORT OF MEDICAID APPLICATIONS**

20 **SECTION 9B.2A.(a)** The State Controller shall transfer the sum of two million
21 seven hundred thousand dollars (\$2,700,000) in nonrecurring funds for the 2021-2022 fiscal year
22 and the sum of two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for
23 the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the
24 General Fund to the Department of Health and Human Services, Division of Central Management
25 and Support, Information Technology Division, to be used for information technology support
26 of Medicaid applications. Funds transferred under this subsection are appropriated for the
27 purposes set forth in this section.

28 **SECTION 9B.2A.(b)** Departmental receipts appropriated in this act in the amount
29 of two million seven hundred thousand dollars (\$2,700,000) for the 2021-2022 fiscal year and in
30 the amount of two million five hundred thousand dollars (\$2,500,000) for the 2022-2023 fiscal
31 year shall be used for the purposes described in subsection (a) of this section.
32

33 **COMMUNITY HEALTH GRANT PROGRAM**

34 **SECTION 9B.3.(a)** Funds appropriated in this act to the Department of Health and
35 Human Services, Division of Central Management, Office of Rural Health, for each year of the
36 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue
37 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.
38 2017-57.

39 **SECTION 9B.3.(b)** The Office of Rural Health shall make the final decision about
40 awarding grants under this Program, but no single grant award shall exceed one hundred fifty
41 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health
42 shall consider the availability of other funds for the applicant; the incidence of poverty in the area
43 served by the applicant or the number of indigent clients served by the applicant; the availability
44 of, or arrangements for, after-hours care; and collaboration between the applicant and a
45 community hospital or other safety net organizations.

46 **SECTION 9B.3.(c)** Grant recipients shall not use these funds to do any of the
47 following:
48

- 49 (1) Enhance or increase compensation or other benefits of personnel,
50 administrators, directors, consultants, or any other persons receiving funds for
51 program administration; provided, however, funds may be used to hire or

1 retain health care providers. The use of grant funds for this purpose does not
2 obligate the Department of Health and Human Services to continue to fund
3 compensation beyond the grant period.

4 (2) Supplant existing funds, including federal funds traditionally received by
5 federally qualified community health centers. However, grant funds may be
6 used to supplement existing programs that serve the purposes described in
7 subsection (a) of this section.

8 (3) Finance or satisfy any existing debt.

9 **SECTION 9B.3.(d)** The Office of Rural Health may use up to two hundred thousand
10 dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for
11 administrative purposes.

12 **SECTION 9B.3.(e)** By September 1 of each year, the Office of Rural Health shall
13 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
14 community health grants that includes at least all of the following information:

15 (1) The identity and a brief description of each grantee and each program or
16 service offered by the grantee.

17 (2) The amount of funding awarded to each grantee.

18 (3) The number of individuals served by each grantee, and for the individuals
19 served, the types of services provided to each.

20 (4) Any other information requested by the Office of Rural Health as necessary
21 for evaluating the success of the Community Health Grant Program.

22 **SECTION 9B.3.(f)** By November 1, 2021, the Office of Rural Health shall report to
23 the Joint Legislative Oversight Committee on Health and Human Services on the implementation
24 status of the following Community Health Grant Program requirements enacted by Section 11A.8
25 of S.L. 2017-57:

26 (1) Establishment of a Primary Care Advisory Committee and that Committee's
27 development of an objective and equitable process for grading applications
28 for grants funded under the Community Health Grant Program.

29 (2) Development of a standardized method for grant recipients to report objective,
30 measurable quality health outcomes.

31 32 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 33 **ACCOUNTABILITY**

34 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability
35 within the Department of Health and Human Services is eliminated.

36 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes
37 is repealed.

38 39 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY** 40 **DENTAL CLINICS**

41 **SECTION 9B.6.** Funds appropriated in this act to the Department of Health and
42 Human Services, Division of Central Management and Support, Office of Rural Health, for
43 allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not
44 be spent for any purpose other than to provide direct services to patients and to purchase
45 necessary dental supplies. None of these funds may be spent for administrative purposes.

46 47 **FUNDS FOR LOCAL START DENTAL, INC.**

48 **SECTION 9B.7.** Funds appropriated in this act to the Department of Health and
49 Human Services, Division of Central Management and Support, Office of Rural Health, for
50 allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for
51 any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental

1 supplies, necessary dental equipment, or a combination of these. None of these funds may be
2 spent for administrative purposes.

4 **FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM**

5 **SECTION 9B.8.(a)** Of the funds appropriated in this act from the State Fiscal
6 Recovery Fund to the Department of Health and Human Services, Division of Central
7 Management and Support, Office of Rural Health, the sum of one million five hundred thousand
8 dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a
9 grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the
10 statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP.
11 These grant funds shall be used to respond to the COVID-19 public health emergency by
12 providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry,
13 as defined in G.S. 143B-139.4B.

14 **SECTION 9B.8.(b)** By July 1, 2022, the East Carolina University Center for
15 Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee
16 on Health and Human Services and the Fiscal Research Division on the use of the grant funds
17 allocated by subsection (a) of this section.

19 **VIRTUAL BEHAVIORAL HEALTH SERVICES GRANT PROGRAM**

20 **SECTION 9B.8A.(a)** Of the funds appropriated in this act from the State Fiscal
21 Recovery Fund to the Department of Health and Human Services, Division of Central
22 Management and Support, Office of Rural Health, the sum of ten million dollars (\$10,000,000)
23 in nonrecurring funds for the 2021-2022 fiscal year shall be used to award competitive grants to
24 hospitals to fund expanded telepsychiatry capabilities to respond to the COVID-19 public health
25 emergency by allowing patients being served in primary care settings to access hospital-based
26 virtual psychiatric assessments and consultations. At a minimum, the expanded telepsychiatry
27 capabilities must facilitate patient access to hospital-based virtual telepsychiatry services from a
28 primary care provider's office, from home, or from another nonhospital setting. The Office of
29 Rural Health shall establish the procedures and criteria for awarding grants under this section and
30 make the final decision about grant awards, subject to the following limitations:

- 31 (1) The size of a single grant award may not exceed one million five hundred
32 thousand dollars (\$1,500,000).
- 33 (2) An applicant may not receive more than one grant.
- 34 (3) In awarding grants under this section, the Department shall select applicants
35 located in multiple geographic areas of the State.

36 **SECTION 9B.8A.(b)** By February 1, 2022, the Department of Health and Human
37 Services shall announce the recipients of the competitive grant awards authorized under
38 subsection (a) of this section and report to the Joint Legislative Oversight Committee on Health
39 and Human Services on the following:

- 40 (1) The amount awarded to each grantee.
- 41 (2) The anticipated number of persons to be served by each grantee.
- 42 (3) The geographic area to be served as a result of each grantee's expanded
43 telepsychiatry services.

45 **SCHOOL-BASED VIRTUAL CARE PILOT PROGRAM TO ADDRESS HEALTH 46 DISPARITIES IN HISTORICALLY UNDERSERVED AREAS 47 DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH 48 EMERGENCY**

49 **SECTION 9B.8B.** Of the funds appropriated in this act from the State Fiscal
50 Recovery Fund to the Department of Health and Human Services, Division of Central
51 Management and Support, Office of Rural Health, the sum of one million dollars (\$1,000,000)

1 in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to
2 Atrium Health, Inc., a nonprofit corporation. Atrium Health, Inc., shall use these funds to support
3 the development and implementation of a school-based virtual care pilot program to address
4 health disparities in historically underserved areas disproportionately impacted by the COVID-19
5 public health emergency. The pilot program shall utilize telehealth services to facilitate student
6 access to health care services and resources that improve health outcomes through the care
7 coordination efforts of local providers. The funds allocated under this section shall be distributed
8 equally among six participating pilot program sites. The pilot program sites shall be located at
9 two elementary schools in Anson County and four elementary schools in Forsyth County where
10 at least ninety percent (90%) of the students are eligible for free or reduced lunch.

11 12 **COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS**

13 **SECTION 9B.9.(a)** Of the funds appropriated in this act to the Department of Health
14 and Human Services, Division of Central Management and Support, for each year of the
15 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit
16 organizations:

- 17 (1) The sum of eleven million three hundred fifty-three thousand nine hundred
18 eleven dollars (\$11,353,911) in recurring funds for each year of the 2021-2023
19 fiscal biennium.
- 20 (2) Two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for each
21 year of the 2021-2023 fiscal biennium to assist with funding for purposes
22 described in subdivision (e)(4) of this section.
- 23 (3) The sum of four million seven hundred seventy-four thousand five hundred
24 twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal
25 biennium appropriated in Section 9L.1 of this act in Social Services Block
26 Grant funds.
- 27 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each
28 year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act
29 in Substance Abuse Prevention and Treatment Block Grant funds.

30 **SECTION 9B.9.(b)** The Department shall continue administering a competitive
31 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,
32 includes each of the following:

- 33 (1) A request for application (RFA) process to allow nonprofits to apply for and
34 receive State funds on a competitive basis. The Department shall require
35 nonprofits to include in the application a plan to evaluate the effectiveness,
36 including measurable impact or outcomes, of the activities, services, and
37 programs for which the funds are being requested.
- 38 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of
39 the total amount of the grant award.
- 40 (3) A requirement that the Secretary prioritize grant awards to those nonprofits
41 that are able to leverage non-State funds in addition to the grant award.
- 42 (4) A process that awards grants to nonprofits that have the capacity to provide
43 services on a statewide basis and that support any of the following State health
44 and wellness initiatives:
 - 45 a. A program targeting advocacy, support, education, or residential
46 services for persons diagnosed with autism.
 - 47 b. A system of residential supports for those afflicted with substance
48 abuse addiction.
 - 49 c. A program of advocacy and supports for individuals with intellectual
50 and developmental disabilities or severe and persistent mental illness,
51 substance abusers, or the elderly.

- d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
- e. A food distribution system for needy individuals.
- f. The provision and coordination of services for the homeless.
- g. The provision of services for individuals aging out of foster care.
- h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
- i. The provision of services and screening for blindness.
- j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
- k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
- l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
- m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
- n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

It is the intent of the General Assembly that annually the Secretary evaluate and prioritize the categories of health and wellness initiatives described under this subdivision to determine the best use of these funds in making grant awards, exclusive of direct allocations made by the General Assembly.

- (5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.
- (6) A process that allows grants to be awarded to nonprofits for up to two years.
- (7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.
- (8) A requirement that nonprofits awarded grants use no more than fifteen percent (15%) of their total proposed expenditures for administrative costs, unless otherwise required by law.

SECTION 9B.9.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9B.9.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) The entity's mission, purpose, and governance structure.

- 1 (2) A description of the types of programs, services, and activities funded by State
2 appropriations.
- 3 (3) Statistical and demographical information on the number of persons served by
4 these programs, services, and activities, including the counties in which
5 services are provided.
- 6 (4) Outcome measures that demonstrate the impact and effectiveness of the
7 programs, services, and activities.
- 8 (5) A detailed program budget and list of expenditures, including all positions
9 funded, matching expenditures, and funding sources.

10 **SECTION 9B.9.(e)** For the 2021-2023 fiscal biennium only, from the funds
11 identified in subsection (a) of this section, the Department shall make the following allocations,
12 provided that each nonprofit organization receiving funds pursuant to this subsection shall be
13 required to seek future funding through the competitive grants process in accordance with
14 subsection (b) of this section:

- 15 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of
16 the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 17 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)
18 for each year of the 2021-2023 fiscal biennium and one million six hundred
19 thousand dollars (\$1,600,000) appropriated in Section 9L.1(a) of this act in
20 Substance Abuse Prevention and Treatment Block Grant funds in each year
21 of the 2021-2023 fiscal biennium to Triangle Residential Options for
22 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals
23 with substance abuse addiction.
- 24 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in
25 each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls
26 Clubs across the State to implement (i) programs that improve the motivation,
27 performance, and self-esteem of youth and (ii) other initiatives that would be
28 expected to reduce gang participation, school dropout, and teen pregnancy
29 rates.
- 30 (4) Five hundred thousand dollars (\$500,000) in each year of the 2021-2023 fiscal
31 biennium to Cross Trail Outfitters for purposes of promoting wellness and
32 physical activity for youth 7 to 20 years of age.
- 33 (5) The sum of five hundred thousand dollars (\$500,000) in each year of the
34 2021-2023 fiscal biennium to the North Carolina Senior Games for purposes
35 of promoting health and education for North Carolinians 50 years of age and
36 better.
- 37 (6) The sum of two hundred thousand dollars (\$200,000) in each year of the
38 2021-2023 fiscal biennium to Special Olympics North Carolina to promote
39 training and athletic competition for children and adults with intellectual
40 disabilities.

41 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

42 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED** 43 **FACILITIES**

44 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,
45 Division of Child Development and Early Education, shall continue implementing the
46 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4
47 years of age on or before August 31 of the program year. In determining eligibility, the Division
48 shall establish income eligibility requirements for the program not to exceed seventy-five percent
49 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have
50
51

1 family incomes in excess of seventy-five percent (75%) of median income if those children have
2 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the
3 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the
4 United States, including the North Carolina National Guard, State military forces, or a reserve
5 component of the Armed Forces who was ordered to active duty by the proper authority within
6 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the
7 Armed Forces of the United States, including the North Carolina National Guard, State military
8 forces, or a reserve component of the Armed Forces who was injured or killed while serving on
9 active duty. Eligibility determinations for NC Pre-K participants may continue through local
10 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

11 Other than developmental disabilities or other chronic health issues, the Division shall
12 not consider the health of a child as a factor in determining eligibility for participation in the NC
13 Pre-K program.

14 **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and
15 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed
16 private child care centers providing NC Pre-K classrooms.

17 **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private
18 child care facilities and public schools operating NC Pre-K classrooms shall meet the building
19 standards for preschool students as provided in G.S. 115C-521.1.

20 **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection (c)
21 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies
22 prescribed by the Division of Child Development and Early Education regarding programmatic
23 standards and classroom requirements.

24 **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use
25 the standard decision-making process developed by the Division of Child Development and Early
26 Education in awarding NC Pre-K classroom slots and student selection.

27 **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early
28 Education shall submit an annual report no later than March 15 of each year to the Joint
29 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and
30 Management, and the Fiscal Research Division. The report shall include the following:

- 31 (1) The number of children participating in the NC Pre-K program by county.
- 32 (2) The number of children participating in the NC Pre-K program who have
33 never been served in other early education programs such as child care, public
34 or private preschool, Head Start, Early Head Start, or early intervention
35 programs.
- 36 (3) The expected NC Pre-K expenditures for the programs and the source of the
37 local contributions.
- 38 (4) The results of an annual evaluation of the NC Pre-K program.

39 **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local
40 partnerships shall be subject to the financial and compliance audits authorized under
41 G.S. 143B-168.14(b).

42 43 **HOLD HARMLESS STAR RATINGS FOR LICENSED CHILD CARE FACILITIES** 44 **WHEN ERS ASSESSMENTS RESUME/REPORT**

45 **SECTION 9C.2.(a)** Notwithstanding any other provision of law to the contrary,
46 when the Department of Health and Human Services, Division of Child Development and Early
47 Education (Division), resumes environmental rating scale (ERS) (star rating) assessments, the
48 Division shall not require a licensed child care facility to undergo an ERS assessment if
49 conducting the assessment would cause the child care facility to lose a star rating due to (i) the
50 facility's loss in educators who enabled the facility to meet the star-rating requirements and (ii)

1 its inability to replace those educators, within a reasonable period of time, with individuals having
2 similar levels of education.

3 **SECTION 9C.2.(b)** Notwithstanding any other provision of law to the contrary,
4 when ERS assessments resume and the Division of Child Development and Early Education
5 (Division) is awarding quality rating improvement system (QRIS) "education points" to a
6 licensed child care facility toward its star rating, if the percentage of lead teachers in the program
7 required to meet the "rated licensed education requirements" criteria is set at seventy-five percent
8 (75%) for the program to earn those "education points" toward the facility's star rating, the
9 Division shall lower the seventy-five percent (75%) threshold to fifty percent (50%) of lead
10 teachers through June 30, 2023.

11 **SECTION 9C.2.(c)** The Division of Child Development and Early Education shall
12 submit a report to the Joint Legislative Oversight Committee on Health and Human Services by
13 March 30, 2023, and the report shall include the following:

- 14 (1) Number of new high school Early Childhood Career and Technical Pathways
15 programs across the State between June 30, 2021, and January 31, 2023.
- 16 (2) New community college and university courses that award college credit
17 towards a degree in early childhood based on work experience between June
18 30, 2021, and January 31, 2023.
- 19 (3) New community college and university courses that allow college credits for
20 taking online health, safety, and nutrition training modules between June 30,
21 2021, and January 31, 2023.
- 22 (4) Number of enrollees in the Early Childhood and Infant-Toddler Certificate
23 Programs, number of graduates from the programs with certificates, and the
24 increase in the number of enrollees and graduates from the programs between
25 June 30, 2021, and January 31, 2023.
- 26 (5) Number of early childhood educators using T.E.A.C.H. scholarships to pay
27 for college tuition and the increase in the number of early childhood educators
28 using T.E.A.C.H. scholarships to pay for college tuition between June 30,
29 2021, and January 31, 2023.
- 30 (6) Availability of WAGE\$ salary supplement program by county, the number of
31 early childhood educators working toward degrees in early childhood
32 education who received salary supplements from WAGE\$, and the increase
33 in the number of early childhood educators receiving WAGE\$ salary
34 supplements between June 30, 2021, and January 31, 2023.
- 35 (7) The number and percentage increase of early childhood educators with
36 associate degrees in early childhood education between June 30, 2021, and
37 January 31, 2023.
- 38 (8) The number and percentage increase of early childhood educators with
39 associate degrees between June 30, 2016, and June 30, 2021.

40 **SECTION 9C.2.(d)** Subsection (a) of this section is effective when it becomes law
41 and expires six months after the date the Governor signs an executive order rescinding Executive
42 Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective
43 Actions to Prevent the Spread of COVID-19. Subsection (b) of this section is effective when it
44 becomes law and expires June 30, 2023.

45 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

46 **SECTION 9C.3.** Of the funds appropriated in this act to the Department of Health
47 and Human Services, Division of Child Development and Early Education, funds shall be
48 allocated to raise the base reimbursement rates for child care centers participating in the North
49 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year
50 rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022
51 rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022

1 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated
 2 pursuant to this section be used to increase the salaries of teachers working in child care centers
 3 as a means to address disparities in teacher salaries among teachers working in child care centers
 4 versus those working in public schools or Head Start centers.

6 **CHILD CARE SUBSIDY RATES**

7 **SECTION 9C.4.(a)** The maximum gross annual income for initial eligibility,
 8 adjusted annually, for subsidized child care services shall be determined based on a percentage
 9 of the federal poverty level as follows:

10 AGE	INCOME PERCENTAGE LEVEL
11 0 – 5	200%
12 6 – 12	133%

13 The eligibility for any child with special needs, including a child who is 13 years of
 14 age or older, shall be two hundred percent (200%) of the federal poverty level.

15 **SECTION 9C.4.(b)** Fees for families who are required to share in the cost of care
 16 are established based on ten percent (10%) of gross family income. When care is received at the
 17 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.
 18 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

19 **SECTION 9C.4.(c)** Payments for the purchase of child care services for low-income
 20 children shall be in accordance with the following requirements:

- 21 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
 22 and licensed child care centers and homes that meet the minimum licensing
 23 standards that are participating in the subsidized child care program shall be
 24 paid the one-star county market rate or the rate they charge privately paying
 25 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 26 (2) Licensed child care centers and homes with two or more stars shall receive the
 27 market rate for that rated license level for that age group or the rate they charge
 28 privately paying parents, whichever is lower, unless prohibited by subsection
 29 (g) of this section.
- 30 (3) No payments shall be made for transportation services charged by child care
 31 facilities.
- 32 (4) Payments for subsidized child care services for postsecondary education shall
 33 be limited to a maximum of 20 months of enrollment. This shall not be
 34 determined before a family's annual recertification period.
- 35 (5) The Department of Health and Human Services shall implement necessary
 36 rule changes to restructure services, including, but not limited to, targeting
 37 benefits to employment.

38 **SECTION 9C.4.(d)** Provisions of payment rates for child care providers in counties
 39 that do not have at least 50 children in each age group for center-based and home-based care are
 40 as follows:

- 41 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
 42 be set at the statewide or regional market rate for licensed child care centers
 43 and homes.
- 44 (2) If it can be demonstrated that the application of the statewide or regional
 45 market rate to a county with fewer than 50 children in each age group is lower
 46 than the county market rate and would inhibit the ability of the county to
 47 purchase child care for low-income children, then the county market rate may
 48 be applied.

49 **SECTION 9C.4.(e)** A market rate shall be calculated for child care centers and
 50 homes at each rated license level for each county and for each age group or age category of
 51 enrollees and shall be representative of fees charged to parents for each age group of enrollees

1 within the county. The Division of Child Development and Early Education shall also calculate
2 a statewide rate and regional market rate for each rated license level for each age category.

3 **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall
4 continue implementing policies that improve the quality of child care for subsidized children,
5 including a policy in which child care subsidies are paid, to the extent possible, for child care in
6 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
7 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate
8 number of four- and five-star-rated facilities, the Division shall continue a transition period that
9 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
10 star ratings. The Division may allow exemptions in counties where there is an inadequate number
11 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

12 **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
13 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
14 that provides for the purchase of care in child care facilities for minor children of needy families.
15 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
16 be used to select facilities to participate. In addition, child care facilities shall be required to meet
17 any additional applicable requirements of federal law or regulations. Child care arrangements
18 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
19 meet the requirements established by other State law and by the Social Services Commission.

20 County departments of social services or other local contracting agencies shall not
21 use a provider's failure to comply with requirements in addition to those specified in this
22 subsection as a condition for reducing the provider's subsidized child care rate.

23 **SECTION 9C.4.(h)** Payment for subsidized child care services provided with
24 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
25 and policies issued by the Division of Child Development and Early Education for the subsidized
26 child care program.

27 **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be
28 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
29 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
30 child care subsidies only if at least one of the following conditions is met:

- 31 (1) The child for whom a child care subsidy is sought is receiving child protective
32 services or foster care services.
- 33 (2) The child for whom a child care subsidy is sought is developmentally delayed
34 or at risk of being developmentally delayed.
- 35 (3) The child for whom a child care subsidy is sought is a citizen of the United
36 States.

37 **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of
38 Child Development and Early Education, shall require all county departments of social services
39 to include on any forms used to determine eligibility for child care subsidy whether the family
40 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

41 **SECTION 9C.4.(k)** Department of Defense–certified child care facilities licensed
42 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
43 provides for the purchase of care in child care facilities for minor children in needy families,
44 provided that funds allocated from the State-subsidized child care program to Department of
45 Defense–certified child care facilities shall supplement and not supplant funds allocated in
46 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
47 Department of Defense–certified child care facilities and who are eligible to receive subsidized
48 child care shall be as set forth in this section.

49 **CHILD CARE ALLOCATION FORMULA**

50

1 **SECTION 9C.5.(a)** The Department of Health and Human Services, Division of
2 Child Development and Early Education (Division), shall allocate child care subsidy voucher
3 funds to pay the costs of necessary child care for minor children of needy families. The
4 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
5 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
6 allocation. The Department of Health and Human Services shall use the following method when
7 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
8 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

9 (1) Funds shall be allocated to a county based upon the projected cost of serving
10 children under age 11 in families with all parents working who earn less than
11 the applicable federal poverty level percentage set forth in Section 9C.4(a) of
12 this act.

13 (2) The Division may withhold up to two percent (2%) of available funds from
14 the allocation formula for (i) preventing termination of services throughout
15 the fiscal year and (ii) repayment of any federal funds identified by counties
16 as overpayments, including overpayments due to fraud. The Division shall
17 allocate to counties any funds withheld before the end of the fiscal year when
18 the Division determines the funds are not needed for the purposes described
19 in this subdivision. The Division shall submit a report to the Joint Legislative
20 Oversight Committee on Health and Human Services and the Fiscal Research
21 Division, which report shall include each of the following:

22 a. The amount of funds used for preventing termination of services and
23 the repayment of any federal funds.

24 b. The date the remaining funds were distributed to counties.

25 c. As a result of funds withheld under this subdivision and after funds
26 have been distributed, any counties that did not receive at least the
27 amount the counties received the previous year and the amount by
28 which funds were decreased.

29 The Division shall submit a report in each year of the 2021-2023 fiscal
30 biennium 30 days after the funds withheld pursuant to this subdivision are
31 distributed but no later than April 1 of each respective year.

32 (3) The Division shall set aside four percent (4%) of child care subsidy allocations
33 for vulnerable populations, which include a child identified as having special
34 needs and a child whose application for assistance indicates that the child and
35 the child's family is experiencing homelessness or is in a temporary living
36 situation. A child identified by this subdivision shall be given priority for
37 receiving services until such time as set-aside allocations for vulnerable
38 populations are exhausted.

39 **SECTION 9C.5.(b)** The Division may reallocate unused child care subsidy voucher
40 funds in order to meet the child care needs of low-income families. Any reallocation of funds
41 shall be based upon the expenditures of all child care subsidy voucher funding, including North
42 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
43 levels within the funds allocated to the counties. A county with a spending coefficient over one
44 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
45 before receiving any reallocated funds.

46 **SECTION 9C.5.(c)** When implementing the formula under subsection (a) of this
47 section, the Division shall include the market rate increase in the formula process rather than
48 calculating the increases outside of the formula process. Additionally, the Department shall do
49 the following:

- 1 (1) Deem a county's initial allocation as the county's expenditure in the previous
2 fiscal year or a prorated share of the county's previous fiscal year expenditures
3 if sufficient funds are not available.
- 4 (2) Effective immediately following the next new decennial census data release,
5 implement (i) one-third of the change in a county's allocation in the year
6 following the data release, (ii) an additional one-third of the change in a
7 county's allocation beginning two years after the initial change under this
8 subdivision, and (iii) the final one-third change in a county's allocation
9 beginning the following two years thereafter.

10 SMART START INITIATIVES

11 **SECTION 9C.6.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
12 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s
13 mission of improving child care quality in North Carolina for children from birth to 5 years of
14 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child
15 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated
16 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State
17 funding for local partnerships shall also be used for evidence-based or evidence-informed
18 programs for children from birth to 5 years of age that do the following:

- 19 (1) Increase children's literacy.
- 20 (2) Increase the parents' ability to raise healthy, successful children.
- 21 (3) Improve children's health.
- 22 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

23 **SECTION 9C.6.(b)** Administration. – Administrative costs shall be equivalent to,
24 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
25 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
26 costs shall include costs associated with partnership oversight, business and financial
27 management, general accounting, human resources, budgeting, purchasing, contracting, and
28 information systems management. The North Carolina Partnership for Children, Inc., shall
29 continue using a single statewide contract management system that incorporates features of the
30 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
31 partnerships are required to participate in the contract management system and, directed by the
32 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
33 other local partnerships to increase efficiency and effectiveness.

34 **SECTION 9C.6.(c)** Salaries. – The salary schedule developed and implemented by
35 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
36 that may be used for the salary of the Executive Director of the North Carolina Partnership for
37 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
38 Children, Inc., shall base the schedule on the following criteria:

- 39 (1) The population of the area serviced by a local partnership.
- 40 (2) The amount of State funds administered.
- 41 (3) The amount of total funds administered.
- 42 (4) The professional experience of the individual to be compensated.
- 43 (5) Any other relevant factors pertaining to salary, as determined by the North
44 Carolina Partnership for Children, Inc.

45 The salary schedule shall be used only to determine the maximum amount of State
46 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
47 a local partnership from using non-State funds to supplement an individual's salary in excess of
48 the amount set by the salary schedule established under this subsection.

49 **SECTION 9C.6.(d)** Match Requirements. – The North Carolina Partnership for
50 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
51

1 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023
2 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local
3 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
4 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
5 match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium.
6 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
7 the required match for a fiscal year in order to meet the match requirement of the succeeding
8 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match
9 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the
10 match requirement of this subsection. Volunteer services that qualify as professional services
11 shall be valued at the fair market value of those services. All other volunteer service hours shall
12 be valued at the statewide average wage rate as calculated from data compiled by the Division of
13 Employment Security of the Department of Commerce in the Employment and Wages in North
14 Carolina Annual Report for the most recent period for which data are available. Expenses,
15 including both those paid by cash and in-kind contributions, incurred by other participating
16 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local
17 partnerships also may be considered resources available to meet the required private match. In
18 order to qualify to meet the required private match, the expenses shall:

- 19 (1) Be verifiable from the contractor's records.
- 20 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
21 generally accepted accounting principles for nonprofit organizations.
- 22 (3) Not include expenses funded by State funds.
- 23 (4) Be supplemental to and not supplant preexisting resources for related program
24 activities.
- 25 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
26 be necessary and reasonable for the proper and efficient accomplishment of
27 the Program's objectives.
- 28 (6) Be otherwise allowable under federal or State law.
- 29 (7) Be required and described in the contractual agreements approved by the
30 North Carolina Partnership for Children, Inc., or the local partnership.
- 31 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
32 partnership by the contractor in the same manner as reimbursable expenses.

33 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
34 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
35 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
36 responsible for compiling information on the private cash and in-kind contributions into a report,
37 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
38 verification by the Department of Revenue. The same match requirements shall apply to any
39 expansion funds appropriated by the General Assembly.

40 **SECTION 9C.6.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,
41 and all local partnerships shall use competitive bidding practices in contracting for goods and
42 services on contract amounts as follows:

- 43 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
44 by a written policy as developed by the Board of Directors of the North
45 Carolina Partnership for Children, Inc.
- 46 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
47 thousand dollars (\$15,000), three written quotes.
- 48 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty
49 thousand dollars (\$40,000), a request for proposal process.
- 50 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
51 proposal process and advertising in a major newspaper.

1 **SECTION 9C.6.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,
2 shall not reduce the allocation for counties with less than 35,000 in population below the
3 2012-2013 funding level.

4 **SECTION 9C.6.(g)** Performance-Based Evaluation. – The Department of Health
5 and Human Services shall continue to implement the performance-based evaluation system.

6 **SECTION 9C.6.(h)** Expenditure Restrictions. – Except as provided in subsection (i)
7 of this section, the Department of Health and Human Services and the North Carolina Partnership
8 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
9 Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed
10 in the following manner:

11 (1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the
12 purposes of this section, "capital expenditures" means expenditures for capital
13 improvements as defined in G.S. 143C-1-1(d)(5).

14 (2) Expenditures of State funds for advertising and promotional activities are
15 prohibited for the 2021-2023 fiscal biennium.

16 For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds
17 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
18 any private funds the local partnerships receive on those activities.

19 **SECTION 9C.6.(i)** Notwithstanding subsection (h) of this section, the North
20 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
21 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall
22 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
23 for fundraising. The report shall include the following:

24 (1) The amount of funds expended on fundraising.

25 (2) Any return on fundraising investments.

26 (3) Any other information deemed relevant.

27 28 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 29 **LIBRARY**

30 **SECTION 9C.7.(a)** A portion of the funds allocated in this act to the North Carolina
31 Partnership for Children, Inc., from the Department of Health and Human Services, shall
32 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy
33 program that mails age-appropriate books on a monthly basis to children registered for the
34 program.

35 **SECTION 9C.7.(b)** The North Carolina Partnership for Children, Inc., may use up
36 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
37 of the funds for program evaluation. Funds allocated under this section shall not be subject to
38 administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be
39 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
40 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
41 Section 9C.6(d) of this act.

42 43 **FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION** 44 **FROM CERTAIN REQUIREMENTS**

45 **SECTION 9C.8.** Additional recurring funds allocated from education lottery
46 receipts in accordance with Section 4.3 of this act to the North Carolina Partnership for Children,
47 Inc., (Smart Start) from the Department of Health and Human Services, Division of Child
48 Development and Early Education, for each year of the 2021-2023 fiscal biennium may be used
49 for any of Smart Start's programs and are not subject to the administrative cost requirements
50 under Section 9C.6(b) of this act, child care services funding requirements under

1 G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or
2 match requirements under Section 9C.6(d) of this act.

3 4 **GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA** 5 **FUNDS**

6 **SECTION 9C.9.** Of the funds appropriated in this act from the State Fiscal Recovery
7 Fund to the Department of Health and Human Services, Division of Child Development and
8 Early Education (Division), the sum of ten million dollars (\$10,000,000) in nonrecurring funds
9 for the 2021-2022 fiscal year shall be used to provide grants for child care facilities and North
10 Carolina prekindergarten (NC Pre-K) classrooms in response to the COVID-19 pandemic,
11 particularly those located in child care deserts and low-performing and high-poverty districts.
12 The Division shall award grants under this section pursuant to criteria established by the Division
13 in accordance with federal law and guidance. These grants shall be one-time awards to assist with
14 new or expanded high-quality child care initiatives as follows:

- 15 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child
16 care facility.
- 17 (2) Quality improvements for existing NC Pre-K classrooms or child care
18 facilities that increase the classroom or facility's capacity or upgrade its star
19 rating.
- 20 (3) Capital improvements or renovations, including adding or upgrading outdoor
21 play and learning environments, or increasing a facility's total capacity.

22 23 **PART IX-D. HEALTH BENEFITS**

24 25 **CONTINUE MEDICAID ANNUAL REPORT**

26 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health
27 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
28 accompanying tables. DHB shall publish the report and tables on its website no later than
29 December 31 following each State fiscal year.

30 31 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

32 **SECTION 9D.2.(a)** The Department of Health and Human Services shall issue
33 Medicaid identification cards to recipients on an annual basis with updates as needed.

34 **SECTION 9D.2.(b)** This section expires on the effective date of amendment to rule
35 10A NCAC 23B .0102, notice of which was published in the North Carolina Register on June 1,
36 2021.

37 38 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

39 **SECTION 9D.3.** The Department of Health and Human Services, Division of Health
40 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
41 services, medical equipment, supplies, and appliances by implementation of volume purchase
42 plans, single source procurement, or other contracting processes in order to improve cost
43 containment.

44 45 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 46 **MODIFICATIONS**

47 **SECTION 9D.4.** Except for statutory changes or where otherwise specified, the
48 Department of Health and Human Services shall not be required to maintain, after June 30, 2023,
49 any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

50 51 **ADMINISTRATIVE HEARINGS FUNDING**

1 **SECTION 9D.5.** Of the funds appropriated in this act to the Department of Health
2 and Human Services, Division of Health Benefits, for administrative contracts and interagency
3 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one
4 million dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars
5 (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH).
6 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant
7 and recipient appeals and to contract for other services necessary to conduct the appeals process.
8 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services
9 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals
10 process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support
11 this administrative function. Upon receipt of invoices from OAH for covered services rendered
12 in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn
13 down for this purpose.
14

15 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

16 **SECTION 9D.6.(a)** The Department of Health and Human Services, Division of
17 Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years
18 shall, when received, be accounted for as nontax revenue for each of those fiscal years. The
19 treatment under this section of any revenue derived from federal programs shall be in accordance
20 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

21 **SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and
22 Human Services shall deposit from its revenues one hundred forty-six million seven hundred five
23 thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer
24 to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health
25 and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred
26 five thousand five hundred eighty-four dollars (\$153,805,584) with the Department of State
27 Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of
28 advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources
29 from State-owned and State-operated hospitals that are used to provide indigent and nonindigent
30 care services. The return from State-owned and State-operated hospitals to the Department of
31 Health and Human Services shall be made from nonfederal resources in the following manner:

- 32 (1) The University of North Carolina Hospitals at Chapel Hill shall make the
33 following deposits:
34 a. For the 2021-2022 fiscal year, the amount of thirty-one million three
35 hundred five thousand five hundred eighty-four dollars (\$31,305,584).
36 b. For the 2022-2023 fiscal year, the amount of thirty-one million three
37 hundred five thousand five hundred eighty-four dollars (\$31,305,584).
38 (2) All State-owned and State-operated hospitals, other than the University of
39 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care
40 shall annually deposit an amount equal to the amount of the payments from
41 the Department of Health and Human Services, Division of Health Benefits,
42 for uncompensated care.
43

44 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

45 **SECTION 9D.7.(a)** The local management entities/managed care organizations
46 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
47 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million
48 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2021-2022 fiscal year
49 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen
50 dollars (\$18,028,217) for the 2022-2023 fiscal year. The due date and frequency of the
51 intergovernmental transfer required by this section shall be determined by DHB. The amount of

1 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal
 2 year shall be as follows:

	2021-2022	2022-2023
3 Alliance Behavioral Healthcare	\$2,858,418	\$2,856,834
4 Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652
5 Eastpointe	\$1,664,172	\$1,663,249
6 Partners Health Management	\$2,637,754	\$2,749,261
7 Sandhills Center	\$1,879,510	\$1,878,469
8 Trillium Health Resources	\$2,656,332	\$2,654,860
9 Vaya Health	\$1,580,769	\$1,579,892

10
 11 **SECTION 9D.7.(b)** In the event that a county other than Cabarrus County or Union
 12 County disengages from an LME/MCO and realigns with another LME/MCO during the
 13 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the
 14 intergovernmental transfer that each affected LME/MCO is required to make under subsection
 15 (a) of this section, taking into consideration the change in catchment area and covered population,
 16 provided that the aggregate amount of the transfers received from all LME/MCOs in each year
 17 of the fiscal biennium is achieved.

18
 19 **DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

20 **SECTION 9D.8.** Of the federal disproportionate share adjustment receipts arising
 21 from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year,
 22 forty-three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the
 23 Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the
 24 Department of Health and Human Services, Division of Health Benefits, to be used for the
 25 Medicaid program.

26
 27 **CREATION OF THE HCBS FUND**

28 **SECTION 9D.8A.(a)** The HCBS Fund is established as a nonreverting special fund
 29 in the Department of Health and Human Services, Division of Health Benefits (DHB). The HCBS
 30 Fund shall consist of the savings realized by DHB as a result of federal receipts arising from the
 31 enhanced federal medical assistance percentage (FMAP) for home and community-based
 32 services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act
 33 of 2021, P.L. 117-2 (ARPA).

34 Upon receipt by DHB of those federal receipts arising from the enhanced FMAP for
 35 HCBS, DHB is directed to deposit the savings associated with those receipts into the HCBS
 36 Fund. DHB is authorized to utilize funds in the HCBS Fund to implement, or supplement the
 37 implementation of, activities to enhance, expand, or strengthen HCBS under the Medicaid
 38 program, in accordance with section 9817 of the ARPA. To the extent that any funds are utilized
 39 by DHB under this section, the funds are appropriated for the purpose set forth in this section.

40 **SECTION 9D.8A.(b)** DHB shall utilize the federal receipts arising from the
 41 enhanced FMAP for HCBS under section 9817(a) of the ARPA and the savings associated with
 42 those receipts to fund the increase in CAP/DA slots, the increase in Innovations Waiver slots,
 43 HCBS provider rate increases to be used to increase direct care worker wages, and an increase to
 44 the private duty nursing Medicaid rate that are required under Sections 9D.11, 9D.12, 9D.15A,
 45 and 9D.15B, respectively, of this act.

46 **SECTION 9D.8A.(c)** DHB shall ensure that a minimum of eighty-eight million five
 47 hundred thousand dollars (\$88,500,000) is remaining in the HCBS Fund at the end of the
 48 2021-2023 fiscal biennium for use by DHB in the 2023-2025 fiscal biennium for activities
 49 authorized under this section.

50 **SECTION 9D.8A.(d)** This section expires June 30, 2025.
 51

COPAYMENTS FOR MEDICAID SERVICES

SECTION 9D.10.(a) Beginning July 1, 2022, the copayments for Medicaid services shall be increased to four dollars (\$4.00). This section does not apply to services provided under sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

SECTION 9D.10.(b) The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

FINAL EXTENSION OF TEMPORARILY INCREASED REIMBURSEMENT RATES

SECTION 9D.10A.(a) Section 4.6 of S.L. 2020-4, as amended by Section 2.1 of S.L. 2021-3, reads as rewritten:

"**SECTION 4.6.** In addition to the five percent (5%) rate increases already requested by the Department of Health and Human Services (DHHS) in the 1135 Medicaid disaster State Plan amendment (SPA) submitted to the Centers for Medicare and Medicaid Services on April 8, 2020, for certain provider types, DHHS shall increase the fee-for-service Medicaid rates paid directly by the Division of Health Benefits for all remaining provider types by five percent (5%). The rate increases authorized under this section shall be effective March 1, 2020. Any rate increases authorized under this section shall expire on the earlier of the following dates:

- (1) The date the declared nationwide public health emergency as a result of the 2019 novel coronavirus expires.
- (2) The date Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19 expires or is rescinded.
- (3) ~~June-November 30, 2021.~~"

SECTION 9D.10A.(b) No later than September 30, 2021, DHHS shall notify the Center for Medicare and Medicaid Services and any impacted provider of the resumption of the payment rates in effect prior to the Medicaid rate increases implemented as a result of Section 4.6 of S.L. 2020-4.

**EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS
(CAP/DA) WAIVER SLOTS**

SECTION 9D.11. The Department of Health and Human Services, Division of Health Benefits (DHB), shall increase the number of Community Alternatives Program for Disabled Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available October 1, 2021.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.12.(a) DHB shall amend the North Carolina Innovations Waiver to increase the number of slots by 1,000 in the following manner:

- (1) Six hundred forty slots to be made available no later than January 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.
- (2) One hundred sixty slots to be distributed in accordance with subsection (b) of this section and to be made available no later than January 1, 2022, unless the distribution method in subsection (b) of this section requires approval by the Centers for Medicare and Medicaid Services (CMS). If CMS approval is required, then the following shall apply:
 - a. These slots shall be made available January 1, 2022, or the date that CMS grants or denies approval, whichever is later.

- 1 b. If CMS does not approve the distribution method in subsection (b) of
2 this section, then these slots shall be distributed using the allocation
3 formula currently in place as of the effective date of this section.
4 c. If CMS has not made any determination by April 1, 2022, then these
5 slots shall be distributed using the allocation formula currently in place
6 as of the effective date of this section on that date.
- 7 (3) One hundred sixty slots to be made available no later than October 1, 2022,
8 and to be distributed using the allocation formula currently in place as of the
9 effective date of this section.
- 10 (4) Forty slots to be distributed in accordance with subsection (b) of this section
11 and to be made available no later than October 1, 2022, unless the distribution
12 method in subsection (b) of this section requires approval by CMS not
13 previously granted under subdivision (2) of this subsection. If CMS approval
14 not previously granted is required, then the following shall apply:
- 15 a. These slots shall be made available October 1, 2022, or the date that
16 CMS grants or denies approval, whichever is later.
- 17 b. If CMS does not approve the distribution method in subsection (b) of
18 this section, then these slots shall be distributed using the allocation
19 formula currently in place as of the effective date of this section.
- 20 c. If CMS has not made any determination by January 1, 2023, then these
21 slots shall be distributed using the allocation formula currently in place
22 as of the effective date of this section on that date.

23 **SECTION 9D.12.(b)** DHB shall distribute the slots identified under subdivisions (2)
24 and (4) of subsection (a) of this section to the local management entities/managed care
25 organizations (LME/MCOs) based on a per capita basis calculated as the number of slots
26 multiplied by the population in each LME/MCO's catchment area divided by the population of
27 the State. Once distributed to each LME/MCO, the additional slots shall be made available to the
28 counties on a per capita basis calculated as the number of slots multiplied by the population of
29 the county divided by the population in the LME/MCO's catchment area. Within each county,
30 the slots shall be filled on a first-come, first-served basis determined by the length of time an
31 individual has been on the waiting list.

32 **SECTION 9D.12.(c)** In order to serve the maximum possible number of individuals
33 that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue
34 any amendment or change to the current North Carolina Innovations Waiver or any additional
35 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the
36 registry with lower acuity needs are still served at an appropriate level but in a tier with a lower
37 spending cap than the one allowed by the current waiver. In designing these changes, DHB shall
38 make every effort to allow for a seamless transition between tiers, or between waivers, for
39 individuals whose level of need increases or decreases. DHB shall provide flexibility for
40 LME/MCOs to determine how best to distribute funding in order to serve a greater number of
41 individuals on the registry. Notwithstanding subsection (a) of this section, DHB is authorized to
42 utilize any funds currently attributed to the North Carolina Innovations Waiver on any waiver
43 under this subsection approved by CMS, so long as the number of individuals served is increased.

44 **SECTION 9D.12.(d)** This section is effective when it becomes law.

45
46 **ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS**
47 **TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM**

48 **SECTION 9D.14.(a)** Section 9A of S.L. 2015-245, as amended by Section 2(e1) of
49 S.L. 2016-121, reads as rewritten:

50 "**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~
51 directed to seek approval from CMS through either the 1115 waiver required by subdivision (1)

1 of Section 5 of this act or another federal authority to allow parents-a parent to retain Medicaid
2 eligibility while their child is being served temporarily by the foster care program. It is the intent
3 of the General Assembly to expand Medicaid eligibility to cover this population upon
4 implementation of the 1115 waiver, if CMS approves this coverage in the waiver.when (i) the
5 parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes,
6 (ii) the child is being served temporarily by the foster care system, regardless of the type of
7 out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a
8 court-ordered plan of reunification, as determined by DHHS."

9 **SECTION 9D.14.(b)** G.S. 108A-54.3A is amended by adding a new subdivision to
10 read:

11 "(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall
12 retain eligibility for Medicaid under this section so long as all of the following
13 criteria are met:

- 14 a. The parent has lost legal custody of a child pursuant to Subchapter I
15 of Chapter 7B of the General Statutes.
16 b. A child of the parent is temporarily in the legal custody of
17 State-sponsored foster care or temporarily receiving foster care
18 assistance under Title IV-E of the Social Security Act.
19 c. The parent is making reasonable efforts to comply with a
20 court-ordered plan of reunification, as determined by the Department.
21 d. The parent continues to meet the family income requirements under
22 subdivision (1) or (2) of this section."

23 **SECTION 9D.14.(c)** Subsection (b) of this section is effective upon the approval by
24 the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance
25 with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection
26 (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of
27 the Department of Health and Human Services shall notify the Revisor of Statutes of the effective
28 date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior
29 to June 30, 2023, then this section shall expire on that date.

31 **INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES**

32 **SECTION 9D.15.(a)** It is the intent of the General Assembly to assist in increasing
33 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per
34 hour. To that end, the Department of Health and Human Services, Division of Health Benefits
35 (DHB), shall provide a rate increase to intermediate care facilities for individuals with intellectual
36 disabilities (ICF/IIDs), including ICF/IID-level group homes, enrolled in the Medicaid or NC
37 Health Choice program. This rate increase shall be effective on the date approved by the Centers
38 for Medicare and Medicaid Services. Any provider receiving a rate increase under this section
39 shall be required to use at least eighty percent (80%) of the funding that results from that rate
40 increase to increase the rate of pay paid to its direct care employees. This wage increase shall be
41 provided in addition to the rate of pay each employee was receiving as of September 1, 2021.
42 DHB shall determine the amount of the rate increase under this section and the definition of direct
43 care worker to be applied.

44 **SECTION 9D.15.(b)** Upon implementation of the rate increase under subsection (a)
45 of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to
46 local management entities/managed care organizations (LME/MCOs) and to prepaid health plans
47 (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts
48 sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as
49 paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs
50 shall be required to implement that rate increase. Providers receiving a rate increase under this

1 section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP,
2 or DHB.

3 **SECTION 9D.15.(c)** Prior to receiving the rate increase under this section, all
4 ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or
5 PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being
6 used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for
7 documentation that shall be required as verification that the provider used the rate increase in the
8 manner required by this section, and LME/MCOs and PHPs shall use these same standards at a
9 minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as
10 payroll-based journals. Providers receiving a rate increase under this section shall keep
11 documentation of the use of that rate increase and make the documentation available upon request
12 by DHB or by the relevant LME/MCO or PHP.

13 **SECTION 9D.15.(d)** In addition to other allowable reasons for recoupment of funds,
14 DHB may recoup part or all of the funds related to the rate increase received by a provider
15 pursuant to this section if DHB determines that the provider did not use at least eighty percent
16 (80%) of the funding that results from that rate increase to increase the rate of pay paid to its
17 direct care employees.

18 **SECTION 9D.15.(e)** This section is effective when it becomes law.
19

20 **INCREASE RATES TO HCBS PROVIDERS TO INCREASE DIRECT CARE WORKER** 21 **WAGES**

22 **SECTION 9D.15A.(a)** It is the intent of the General Assembly to assist in increasing
23 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per
24 hour. To that end, the Department of Health and Human Services, Division of Health Benefits
25 (DHB), shall provide a rate increase to home and community-based providers enrolled in the
26 Medicaid or NC Health Choice program.

27 This rate increase shall be effective on the date approved by the Centers for Medicare
28 and Medicaid Services. DHB shall determine (i) the amount of the rate increase under this
29 section, (ii) the manner in which each provider is required to utilize that increased rate and to
30 demonstrate compliance with those requirements, and (iii) the definition of direct care worker to
31 be applied.

32 **SECTION 9D.15A.(b)** To the fullest extent possible, DHB shall use federal receipts
33 arising from the enhanced federal medical assistance percentage (FMAP) for home and
34 community-based services (HCBS) available to the State under section 9817(a) of the American
35 Rescue Plan Act of 2021, P.L. 117-2, (ARP) to fund the provider rate increases required by this
36 section.

37 **SECTION 9D.15A.(c)** Any increase in rates under this section to providers of private
38 duty nursing services shall be in addition to the legislative rate increase required under Section
39 9D.15B of this act.

40 **SECTION 9D.15A.(d)** This section is effective when it becomes law.
41

42 **INCREASE PRIVATE DUTY NURSING RATES**

43 **SECTION 9D.15B.** Beginning October 1, 2021, the Department of Health and
44 Human Services, Division of Health Benefits, shall increase to ten dollars and seventy-five cents
45 (\$10.75) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid
46 Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and
47 3G-2: Private Duty Nursing for Beneficiaries Under 21 years of Age.
48

49 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 50 **TRANSFORMATION NEEDS**

1 **SECTION 9D.16.(a)** Claims Run Out. – Funds from the Medicaid Transformation
2 Fund may be transferred to the Department of Health and Human Services, Division of Health
3 Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims
4 related to services billed under the fee-for-service payment model for recipients who are being,
5 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be
6 transferred to DHB as the need to pay claims run out arises and need not be transferred in one
7 lump sum. To the extent that any funds are transferred under this subsection, the funds are
8 appropriated for the purpose set forth in this subsection.

9 **SECTION 9D.16.(b)** Non-Claims Run Out Medicaid Transformation Needs. –
10 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one
11 hundred forty-two million eight hundred seventy-seven thousand six hundred thirty-one dollars
12 (\$142,877,631) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred
13 twenty-eight million eight hundred two thousand eight hundred sixty dollars (\$128,802,860) in
14 nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may
15 be transferred to DHB for the sole purpose of providing the State share for qualifying needs
16 directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds
17 may be transferred to DHB as qualifying needs arise during the 2021-2023 fiscal biennium and
18 need not be transferred in one lump sum.

19 For the purposes of this section, the term "qualifying need" shall be limited to the
20 following Medicaid transformation needs and may include contracts and temporary staffing:

- 21 (1) Program design.
- 22 (2) Beneficiary and provider experience.
- 23 (3) Information technology upgrades, operations, and maintenance.
- 24 (4) Data management tools.
- 25 (5) Program integrity.
- 26 (6) Quality review.
- 27 (7) Actuarial rate setting functions.
- 28 (8) Technical and operational integration.
- 29 (9) BH IDD tailored plan health homes.
- 30 (10) Legal fees.
- 31 (11) Expenses related to the Enhanced Case Management and Other Services Pilot
32 Program, commonly referred to as the "Healthy Opportunities Pilots."

33 **SECTION 9D.16.(c)** Requests for Transfer of Funds for Qualifying Need. – A
34 request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made
35 to OSBM and shall include the amount requested and the specific qualifying need for which the
36 funds are to be used. None of the funds identified in subsection (b) of this section shall be
37 transferred to DHB until OSBM verifies the following information:

- 38 (1) The amount requested is to be used for a qualifying need in the 2021-2023
39 fiscal biennium.
- 40 (2) The amount requested provides a State share that will not result in total
41 requirements that exceed eight hundred forty million dollars (\$840,000,000)
42 in nonrecurring funds for the 2021-2023 fiscal biennium.

43 **SECTION 9D.16.(d)** Federal Fund Receipts. – Any federal funds received in any
44 fiscal year by DHB that represent a return of State share already expended on a qualifying need
45 related to the funds received by DHB under this section shall be deposited into the Medicaid
46 Transformation Fund.

47 48 **CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED** 49 **PLANS**

50 **SECTION 9D.17.(a)** During the initial four-year contract term for Medicaid BH
51 IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human

1 Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any
2 local management entity/managed care organization (LME/MCO) to be accredited by any one
3 specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD
4 tailored plan contract to be accredited by a nationally recognized accreditation organization that
5 has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which
6 DHB approves the accreditation organization selected by the LME/MCO.

7 **SECTION 9D.17.(b)** No accreditation organization shall be approved by DHB for
8 use by an LME/MCO under this section unless the accreditation organization meets, at a
9 minimum, all of the following criteria:

- 10 (1) Prior experience conducting accreditation reviews for managed care
11 organizations in at least five other states within the United States or in at least
12 two regions that correspond to the areas covered by the regional office
13 locations of the United States Department of Health and Human Services.
- 14 (2) A review program that includes, at a minimum, standards for the following
15 aspects of operation of the LME/MCO:
 - 16 a. Quality assurance.
 - 17 b. Provider credentialing.
 - 18 c. Utilization review.
 - 19 d. Enrollee rights and responsibilities.
 - 20 e. Medical records.
 - 21 f. Governance of the LME/MCO.
 - 22 g. Preventative health services.
- 23 (3) Development of accreditation standards that include input from the medical,
24 managed care organization, and health care consumer communities.
- 25 (4) Reviews of, and updates to, the standards listed under subdivision (3) of this
26 subsection at regular intervals not exceeding two years.
- 27 (5) An internal quality assurance program that ensures the quality and continuity
28 of its review program.
- 29 (6) No current involvement in the operation of the LME/MCO or the delivery of
30 health services to any of its enrollees.
- 31 (7) No contract or consultations with the LME/MCO within the prior two years
32 for any services other than accreditation.

33 **SECTION 9D.17.(c)** All accreditation organizations approved for use by an
34 LME/MCO under this section shall be required to submit their standards for accreditation to DHB
35 every three years to maintain approval for use by the LME/MCO.

36 37 **EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT**

38 **SECTION 9D.18.(a)** Evaluation. – The Department of Health and Human Services,
39 Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing
40 and administrative functions for the Medicaid and NC Health Choice programs and how those
41 staffing needs and administrative functions will change as the Medicaid and NC Health Choice
42 programs move further into a managed care service delivery environment. In conducting this
43 evaluation, DHB shall do all of the following:

- 44 (1) Identify the changing administrative needs and required staff based upon the
45 introduction of capitated contracts for standard benefit plans and BH IDD
46 tailored benefit plans.
- 47 (2) Determine whether any administrative or staffing functions are duplicative of
48 any functions carried out through vendor contracts, by local management
49 entities/managed care organizations (LME/MCOs), or prepaid health plans
50 (PHPs).

1 **SECTION 9D.18.(b)** Initial Report. – No later than March 1, 2022, DHB shall report
2 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research
3 Division on the evaluation required by subsection (a) of this section as it pertains to the
4 implementation of capitated contracts for standard benefit plans for PHPs. The report shall
5 include planned staffing and administrative changes, including any changes to contractual
6 agreements with vendors, to align more appropriately with a managed care delivery environment
7 for the Medicaid and NC Health Choice programs. The report shall also include a detailed time
8 line for making changes within DHB as managed care continues.

9 **SECTION 9D.18.(c)** Final Report. – No later than March 1, 2024, DHB shall report
10 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research
11 Division on the evaluation required by subsection (a) of this section as it pertains to the
12 implementation of capitated contracts for standard benefit plans operated by PHPs and the
13 implementation of BH IDD tailored plans. The report shall include the staffing and administrative
14 changes that have been made since the initial report required under subsection (b) of this section.
15 The report shall also include any additional planned staffing and administrative changes and any
16 planned changes to contractual agreements with vendors to continue to align DHB's functions
17 more appropriately with a managed care delivery environment for the Medicaid and NC Health
18 Choice programs. The report shall also include an updated detailed time line for making these
19 changes within DHB, as well as an assessment of whether the goals of the time line submitted in
20 the initial report were met.

21 **REIMBURSE DME PRESCRIBED BY PODIATRISTS**

22 **SECTION 9D.19.** No later than January 1, 2022, the Department of Health and
23 Human Services, Division of Health Benefits, shall update the following Medicaid clinical
24 coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices,
25 prosthetic devices, and other durable medical equipment when there is a documented medical
26 necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist
27 acting within that podiatrist's scope of practice:

- 28 (1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and
29 Supplies.
- 30 (2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

31 **SEND NOTICE/MEDICAID ELIGIBILITY REDETERMINATIONS DURING PUBLIC**

32 **HEALTH EMERGENCY**

33 **SECTION 9D.20.(a)** Section 6(a) of S.L. 2020-88 reads as rewritten:

34 **"SECTION 6.(a)** County departments of social services shall do all of the following:

- 35 (1) Resume Medicaid eligibility redeterminations for beneficiaries whose annual
36 or other periodic renewal of Medicaid eligibility is due on or after September
37 1, 2020.
- 38 (2) Resume requesting post-eligibility verification information for Medicaid
39 applications received on or after September 1, 2020.
- 40 (3) Make a good-faith effort to redetermine Medicaid eligibility for Medicaid
41 beneficiaries who were due for an annual or other periodic renewal of
42 Medicaid eligibility prior to September 1, 2020, but for whom recertification
43 did not occur.
- 44 (4) Make a good-faith effort to request post-eligibility verification information for
45 Medicaid applications received prior to September 1, 2020, for which
46 post-eligibility verifications have not been requested.
- 47 (5) For individuals determined to be ineligible for Medicaid during the period in
48 which the termination of benefits would result in the State being ineligible for
49 the increased Medicaid funding under Section 6008 of P.L. 116-127, at the
50 increased Medicaid funding under Section 6008 of P.L. 116-127, at the
51

1 time of determination of ineligibility, provide the beneficiary with the
2 following information:

- 3 a. The results of the eligibility determination.
4 b. Notice that the individual's enrollment in Medicaid will end after the
5 month in which the public health emergency ends.
6 c. Notice that the individual may and should report any changes in
7 circumstances while that individual remains enrolled and that the
8 county department of social services shall redetermine that individual's
9 Medicaid eligibility based on the reported changes."

10 **SECTION 9D.20.(b)** This section is effective when it becomes law.

11 **CHARTER SCHOOLS MEDICAID REIMBURSEMENT**

12 **SECTION 9D.21.** G.S. 115C-218.105 is amended by adding a new subsection to
13 read:

14
15 "(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina
16 Medicaid program, a charter school that is approved by the State as a public school pursuant to
17 this Article shall be deemed a local government entity that is responsible, or assumes
18 responsibility, either directly or indirectly through an agency or other political subdivision, for
19 the payment of the nonfederal share for reimbursable medical services, if any, provided by the
20 charter school. The nonfederal share shall consist exclusively of public funds. For purposes of
21 this subsection, "reimbursable medical services" means services, including administrative
22 activities related to those services, that are medically necessary and for which federal payment is
23 available under the North Carolina Medicaid Program established under Part 6 of Article 2 of
24 Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share"
25 means the share of expenditures for the reimbursable medical services that draws down federal
26 financial participation."

27 **REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES** 28 **PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE**

29 **SECTION 9D.22.(a)** Intent. – It is the intent of the General Assembly to provide
30 funding to hospitals for behavioral health services provided to Medicaid beneficiaries while those
31 beneficiaries await discharge to a more appropriate setting.

32 **SECTION 9D.22.(b)** Criteria for Coverage. – The Department of Health and Human
33 Services, Division of Health Benefits (DHB), is directed to develop a clinical coverage policy,
34 or amend an existing clinical coverage policy as applicable, assign a CPT code, and develop
35 billing instructions for Medicaid coverage of the services described in subsection (c) of this
36 section provided to a beneficiary who meets all of the following criteria:

- 37
38 (1) The beneficiary no longer meets criteria for observation under Section
39 3.2.1(b) of Medicaid Clinical Coverage Policy 2A-1: Acute Inpatient Hospital
40 Services.
41 (2) The beneficiary is not currently receiving inpatient behavioral health services
42 covered under Medicaid Clinical Coverage Policy 8B: Inpatient Behavioral
43 Health Services.
44 (3) A physician, physician assistant, or nurse practitioner has determined that one
45 of the following actions is appropriate for the beneficiary:
46 a. Admission to an inpatient psychiatric or behavioral health facility.
47 b. Admission to a facility, other than an inpatient facility, for care for
48 psychiatric or behavioral health needs, such as a group home.
49 c. Arrangement for community-based services or supports without which
50 the beneficiary cannot be safely discharged to the beneficiary's home
51 due to the beneficiary's psychiatric or behavioral health needs.

- 1 (4) The beneficiary has been in the care of the hospital for a minimum of 30
2 continuous hours.

3 **SECTION 9D.22.(c) Services Covered.** – The clinical coverage policy developed in
4 accordance with this section shall provide Medicaid coverage of the following services in an
5 acute care hospital setting when medically necessary and ordered by a physician or other
6 appropriate provider:

- 7 (1) Treatment, including assessment and medication management, of both
8 psychiatric and behavioral health conditions and physical health conditions.
9 (2) Crisis stabilization and support.
10 (3) Ongoing monitoring of a beneficiary's medical status and medical clearance.
11 (4) Nursing services and support.
12 (5) Reasonable and appropriate efforts to maintain patient safety.
13 (6) Provision of community resource information and psychoeducation, including
14 connections to the relevant local management entity/managed care
15 organization (LME/MCO).
16 (7) Development of a safety plan, including any revisions to that plan.
17 (8) Coordination with the beneficiary or the beneficiary's legal representative and
18 the LME/MCO to establish a safe discharge plan or transfer plan.

19 Services developed in accordance with this subsection shall be considered outpatient
20 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,
21 shall continue to be billed as separate and additional services not included as part of this new
22 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance
23 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH
24 IDD tailored plan, as defined in G.S. 108D-1.

25 **SECTION 9D.22.(d) Reimbursement for Beneficiaries Enrolled in NC Medicaid**
26 **Direct.** – Services covered under the Medicaid clinical coverage policy developed in accordance
27 with subsection (b) of this section and provided to beneficiaries enrolled in NC Medicaid
28 Direct who are not also enrolled with an LME/MCO shall be reimbursed at a fee-for-service rate
29 determined by DHB.

30 **SECTION 9D.22.(e) Reimbursement for Beneficiaries Enrolled in an LME/MCO or**
31 **a BH IDD Tailored Plan.** – Services covered under the Medicaid clinical coverage policy
32 developed in accordance with subsection (b) of this section shall be covered by LME/MCOs,
33 including LME/MCOs operating BH IDD tailored plans. If a beneficiary who is an enrollee of
34 an LME/MCO or a BH IDD tailored plan receives these services, then the applicable LME/MCO
35 shall be responsible for making the reimbursement payment to the hospital billing for the
36 services. The reimbursement amount shall be determined through negotiations between each
37 hospital and LME/MCO. If an LME/MCO and any hospital are unable to negotiate a
38 reimbursement amount for these services, then the reimbursement rate shall be the most prevalent
39 semiprivate room rate at the applicable hospital.

40 **SECTION 9D.22.(f) CMS Approval.** – The Department of Health and Human
41 Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid
42 Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage
43 required by this section. The new Medicaid covered services and rates shall be implemented July
44 1, 2022. If approval from CMS is not granted by July 1, 2022, DHB shall retroactively implement
45 services and rates upon approval from CMS to July 1, 2022. The new Medicaid covered services
46 and rates shall only be implemented to the extent allowable by CMS.

47 **SECTION 9D.22.(g) Capitation Rates.** – It is the intent of the General Assembly
48 that there will be no increase in the capitation rates paid to LME/MCOs for any services
49 developed under this section. If an increase in capitation rates paid to LME/MCOs is necessary
50 to maintain the actuarial soundness of those paid capitation rates, then DHB shall increase the
51 capitation rates by the minimum amount necessary for federal approval of the rates.

1 **SECTION 9D.22.(h)** Effective Date. – This section is effective when it becomes
2 law.

3
4 **PART IX-E. HEALTH SERVICE REGULATION**

5
6 **MODIFICATION OF CERTIFICATE OF NEED EXEMPTION FOR LEGACY**
7 **MEDICAL CARE FACILITIES**

8 **SECTION 9E.4.** G.S. 131E-184(h) reads as rewritten:

9 "(h) The Department must exempt from certificate of need review the acquisition or
10 reopening of a Legacy Medical Care Facility. The person seeking to operate a Legacy Medical
11 Care Facility shall give the Department written notice of all of the following:

- 12 (1) Its intention to acquire or reopen a Legacy Medical Care Facility within the
13 same county and the same service area as the facility that ceased continuous
14 operations. If the Legacy Medical Care Facility will become operational in a
15 new location within the same county and the same service area as the facility
16 that ceased continuous operations, then the person responsible for giving the
17 written notice required by this section shall notify the Department, as soon as
18 reasonably practicable and prior to becoming operational, of the new location
19 of the Legacy Medical Care Facility. For purposes of this subdivision, "service
20 area" means the service area identified in the North Carolina State Medical
21 Facilities Plan in effect at the time the written notice required by this section
22 is given to the Department.

- 23 (2) That the facility will be operational within 36 months of the notice.

24 The Department shall extend the time by which a facility must be operational in order to be
25 exempt from certificate of need review under this subsection by an additional 36-month period
26 if the person seeking to reopen or acquire the Legacy Medical Care Facility gives the Department
27 written notice of extension within 36 months of the original notice of intent to acquire or reopen
28 the Legacy Medical Care Facility. The written notice of extension must notify the Department
29 (i) that the person has undertaken all reasonable efforts to make the facility operational within 36
30 months of the notice of intent, (ii) that, despite these reasonable efforts, the person does not
31 anticipate the facility will be operational within that time, and (iii) of its intention that the facility
32 will be operational within 36 months of the notice of extension.

33 A person seeking to operate a Legacy Medical Care Facility located in a development tier
34 one or tier two area, as defined in G.S. 143B-437.08, may request an additional extension of time
35 by which the facility must be operational in order to be exempt from certificate of need review
36 under this subsection by providing an additional written notice of extension to the Department,
37 delivered prior to the conclusion of the original 36-month extension period, affirming that the
38 person has entered into a contract for the acquisition or reopening of the Legacy Medical Care
39 Facility and that, pursuant to the terms of the contract, the facility will commence operations
40 within 36 months of the conclusion of the original notice of extension. Upon receipt of this notice,
41 the Department shall grant an extension of the time by which the facility must be operational that
42 is sufficient to permit the acquisition or reopening of the Legacy Medical Care Facility as
43 provided in the contract."

44
45 **PATIENT VISITATION PROTOCOLS DURING DECLARED DISASTERS AND**
46 **EMERGENCIES/NO PATIENT LEFT ALONE**

47 **SECTION 9E.5.(a)** Part 2 of Article 5 of Chapter 131E of the General Statutes is
48 amended by adding a new section to read:

49 **"§ 131E-84.05. Patient visitation by clergy, including during declared disasters or**
50 **emergencies.**

1 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
2 other provision of law to the contrary, each hospital licensed under this Article shall allow a
3 clergy member to visit any patient admitted to the hospital who requests or consents to be visited
4 by a clergy member during the patient's hospital stay, including a hospital stay that occurs during
5 a declared disaster or emergency. A hospital may require a visiting clergy member to submit to
6 health screenings necessary to prevent the spread of infectious diseases, and, notwithstanding
7 anything to the contrary in this section, a hospital may restrict a visiting clergy member who does
8 not pass a health screening requirement or who has tested positive for an infectious disease. A
9 hospital may require a visiting clergy member to adhere to infection control procedures, including
10 wearing personal protective equipment, as long as the infection control procedures do not
11 interfere with the religious beliefs of the patient or the visiting clergy member."

12 **SECTION 9E.5.(b)** Part 2 of Article 5 of Chapter 131E of the General Statutes is
13 amended by adding a new section to read:

14 **"§ 131E-79.3. Hospital patient visitation, civil penalty.**

15 (a) Notwithstanding any provision of this Article, Chapter 166A of the General Statutes,
16 or any other provision of law to the contrary, each hospital licensed under this Chapter shall
17 permit patients to receive visitors to the fullest extent permitted under any applicable rules,
18 regulations, or guidelines adopted by either the Centers for Medicare and Medicaid Services or
19 the Centers for Disease Control and Prevention or any federal law.

20 (b) In the event the Centers for Medicare and Medicaid Services, the Centers for Disease
21 Control and Prevention, or any other federal agency finds a hospital has violated any rule,
22 regulation, guidance, or federal law relating to a patient's visitation rights, the Department may
23 issue a warning to the hospital about the violation and give the hospital not more than 24 hours
24 to allow visitation. If visitation is not allowed after the 24-hour warning period, the Department
25 shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) for each
26 instance on each day the hospital was found to have a violation. This civil penalty shall be in
27 addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or other
28 federal agency may choose to impose.

29 (c) Notwithstanding the provisions of subsection (b) of this section, in the event that
30 circumstances require the complete closure of a hospital to visitors, the hospital shall use its best
31 efforts to develop alternate visitation protocols that would allow visitation to the greatest extent
32 safely possible. If those alternate protocols are found by the Centers for Medicare and Medicaid
33 Services, the Centers for Disease Control and Prevention, or any other federal agency to violate
34 any rule, regulation, guidance, or federal law relating to a patient's visitation rights, the
35 Department may impose a civil penalty in an amount not less than five hundred dollars (\$500.00)
36 for each instance on each day the hospital was found to have a violation. This civil penalty shall
37 be in addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or
38 other federal agency may choose to impose."

39 **SECTION 9E.5.(c)** Part 1 of Article 6 of Chapter 131E of the General Statutes is
40 amended by adding a new section to read:

41 **"§ 131E-112.5. Patient visitation rights for nursing home residents and combination home**
42 **residents.**

43 Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or any
44 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and
45 civil penalty provisions specified in G.S. 131E-79.3 apply to nursing homes and combination
46 homes licensed under this Part."

47 **SECTION 9E.5.(d)** Article 10 of Chapter 131E of the General Statutes is amended
48 by adding a new section to read:

49 **"§ 131E-207.5. Patient visitation rights for residents of hospice care facilities.**

50 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
51 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and

1 civil penalty provisions specified in G.S. 131E-79.3 apply to hospice care facilities licensed
2 under this Article."

3 **SECTION 9E.5.(e)** Part 1 of Article 1 of Chapter 131D of the General Statutes is
4 amended by adding a new section to read:

5 **"§ 131D-7.5. Patient visitation rights for adult care home residents and special care unit**
6 **residents.**

7 (a) Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or
8 any other provision of law to the contrary, any facility licensed under this Chapter shall allow
9 residents to receive visitors of their choice, except when any of the following have been
10 established by clear and convincing evidence:

- 11 (1) Infection control issues are present.
- 12 (2) Visitation interferes with the care of other patients.
- 13 (3) Visitors engage or have engaged in disruptive, threatening, or violent behavior
14 of any kind.

15 (b) If a facility is found to have violated the provisions of subsection (a) of this section,
16 the Department shall impose a civil penalty in an amount not less than five hundred dollars
17 (\$500.00) for each instance on each day the facility was found to have a violation."

18 **SECTION 9E.5.(f)** Article 2 of Chapter 122C of the General Statutes is amended by
19 adding a new section to read:

20 **"§ 122C-32. Patient visitation rights for residents of residential treatment facilities.**

21 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
22 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and
23 civil penalty provisions specified in G.S. 131E-79.3 apply to all facilities licensed under this
24 Article that provide residential treatment."

25 **SECTION 9E.5.(g)** No later than January 1, 2022, the Department of Health and
26 Human Services shall adopt rules to implement the provisions of subsections (a) through (f) of
27 this section. Those rules shall include a requirement that facilities provide notice of the patient
28 visitation rights in this section to patients, residents, and, when possible, family members of
29 patients and residents. The required notice shall also include the contact information for the
30 agency or individuals tasked with investigating violations of the visitation rights described in
31 subsections (a) through (f) of this section.

32 **SECTION 9E.5.(h)** Subsections (a) through (f) of this section become effective
33 January 1, 2022. The remainder of this section is effective when it becomes law.

34 **ADULT CARE HOME ACCREDITATION PILOT PROGRAM**

35 **SECTION 9E.6.(a)** Definitions. – As used in this section, the following terms have
36 the following meanings:

- 37 (1) Control group member. – A pilot ACH that (i) is selected to participate in the
38 pilot program and (ii) has agreed to provide data to evaluate the effectiveness
39 of the pilot program without participating in the accreditation process.
- 40 (2) Department. – The North Carolina Department of Health and Human
41 Services.
- 42 (3) NCALA. – The North Carolina Assisted Living Association, a nonprofit
43 corporation.
- 44 (4) NCSLA. – The North Carolina Senior Living Association, a nonprofit
45 corporation.
- 46 (5) Pilot ACH. – A licensed adult care home selected to participate in the pilot
47 program.
- 48 (6) Pilot program. – The two-year pilot program authorized by subsection (b) of
49 this section for the purpose of comparing the impact of accreditation and
50 licensure approaches on care and resident health and other outcomes.
51

- 1 (7) Pilot Program Accrediting Body. – The Accreditation Commission for Health
2 Care, a nonprofit accreditation organization.
- 3 (8) Program participant. – A pilot ACH that (i) is selected to participate in the
4 pilot program and (ii) has agreed to provide data to evaluate the effectiveness
5 of the pilot program and to participate in the accreditation process.
- 6 (9) Sheps Center. – The Program on Aging, Disability, and Long-Term Care
7 within the Cecil G. Sheps Center for Health Services Research located at the
8 University of North Carolina at Chapel Hill.
- 9 (10) Stakeholder Advisory Group. – The advisory group appointed under
10 subsection (c) of this section.

11 **SECTION 9E.6.(b)** Pilot Program. – The Sheps Center shall oversee the
12 administration of a two-year pilot program to be conducted by the Pilot Program Accrediting
13 Body and the Sheps Center to evaluate the effectiveness of an accreditation process for adult care
14 homes that would deem adult care homes eligible for ongoing licensure and exempt accredited
15 adult care homes from routine inspections if they meet required standards and requirements. The
16 goal of the pilot program is to study the effectiveness of accreditation through an evaluation of
17 quality outcome measures to be developed by the Sheps Center for the purpose of determining
18 whether accreditation achieves compliance with licensure requirements and improves or
19 maintains quality of care compared with a control group. In conducting the pilot program, the
20 Sheps Center shall collaborate with the Pilot Program Accrediting Body, the Department, the
21 NCSLA, the NCALA, the Stakeholder Advisory Group appointed under subsection (c) of this
22 section, and any other qualified entity or State agency that may be of assistance in accomplishing
23 the objectives of the pilot program.

24 **SECTION 9E.6.(c)** Stakeholder Advisory Group. – The Department shall appoint a
25 Stakeholder Advisory Group representing other interested parties not already involved in the
26 pilot program authorized by subsection (b) of this section, which shall be composed of, at
27 minimum, at least one member representing Friends of Residents in Long Term Care, the North
28 Carolina Ombudsman Association, AARP North Carolina, directors of county departments of
29 social services, and the Department. The Sheps Center shall keep the Stakeholder Advisory
30 Group informed of the progress of study design and operation of the pilot program and shall offer
31 the Stakeholder Advisory Group an opportunity to periodically offer recommendations on study
32 design, pilot program operation, and ultimate implementation of the accreditation process for
33 program participants.

34 **SECTION 9E.6.(d)** Pilot Accrediting Body Reporting. – As a condition of
35 participating in the pilot program authorized by this section, the Pilot Program Accrediting Body
36 must agree to submit the following reports to the Sheps Center:

- 37 (1) Monthly survey schedules which document the surveys that were completed
38 for the previous month and those scheduled for the current and the following
39 month.
- 40 (2) Documentation of surveys for the preceding month, including documentation
41 of investigations, noncompliance, correction of noncompliance, and survey
42 outcomes.
- 43 (3) Facility notification letters for all accreditation program actions and any
44 follow-up communication associated with those facility notification letters.

45 **SECTION 9E.6.(e)** Adult Care Home Accreditation Grant Program. – As part of the
46 pilot program, the NCSLA and the NCALA, in consultation with the Sheps Center, the Pilot
47 Program Accrediting Body, and the Stakeholder Advisory Group, shall jointly establish and
48 operate a grant program that provides grant awards to a maximum of 150 Pilot ACHs located in
49 this State to cover the cost of accreditation for up to 75 Pilot ACHs and the cost of serving as a
50 control group member and providing outcome data for up to 75 Pilot ACHs. The Sheps Center
51 shall establish, in consultation with the Pilot Program Accrediting Body, the NCSLA, the

1 NCALA, and the Stakeholder Advisory Group, criteria to be utilized for selecting adult care
2 homes to participate in the adult care home accreditation grant program authorized by this
3 section. The established criteria must ensure that a diverse group of Pilot ACHs are selected to
4 participate as control group members or program participants in the grant program. Pilot ACHs
5 shall not use their grant awards for any purpose other than to contract with the Pilot Program
6 Accrediting Body or otherwise defray the expenses of serving as either a program participant or
7 control group member of the pilot program.

8 **SECTION 9E.6.(f)** Selection of Participating Pilot ACHs. – No later than 120 days
9 after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a
10 methodology for selecting program participants and control group members for the pilot
11 program. The methodology must ensure that program participants and control group members
12 selected for the pilot program represent diverse payor sources, star ratings, and related
13 characteristics and must ensure that the number of program participants and the number of control
14 group members are equivalent.

15 **SECTION 9E.6.(g)** Pilot ACH Reports. – No later than 150 days after the effective
16 date of this section, the Sheps Center, NCSLA, and NCALA shall develop a standardized
17 methodology for the collection of information from the program participants and control group
18 members of the pilot program for the purpose of comparing and contrasting the quality of care
19 and the outcomes in accredited and nonaccredited facilities. As a condition of participating in the
20 pilot program authorized by this section, the pilot ACHs must agree to follow this standardized
21 methodology for (i) collecting information about the residents and the facility and (ii) quarterly
22 reporting that information to the Sheps Center. The Sheps Center shall maintain the original data
23 provided by facilities for data verification purposes. The quarterly reports shall include, but not
24 be limited to, the following categories and types of information in the format prescribed by the
25 Sheps Center:

- 26 (1) Function, specifically falls with injury.
- 27 (2) Health, specifically emergency department visits, hospitalization, and flu
28 immunization.
- 29 (3) Cognition, specifically discharge due to behaviors.
- 30 (4) Quality of dying, specifically hospice use.
- 31 (5) Quality of life, specifically resident satisfaction and family satisfaction
32 reported annually.
- 33 (6) Staffing, specifically turnover and satisfaction (satisfaction reported
34 annually).

35 **SECTION 9E.6.(h)** Evaluation of Quality Outcome Measures. – Using quality
36 outcome measures established by the Sheps Center, the Sheps Center shall compare outcomes
37 between the program participants and control group members for a period of two years from the
38 onset of the pilot program. The Pilot Program Accrediting Body, program participants, and
39 control group members shall cooperate with the Sheps Center in its efforts to gather and report
40 data necessary to measure and compare care and resident outcomes as required by this subsection.
41 The Sheps Center shall submit the following reports to the Joint Legislative Oversight Committee
42 on Health and Human Services, the Department, and to the Stakeholder Advisory Group:

- 43 (1) On or before April 30, 2023, an interim report on its findings and
44 determinations with respect to the comparisons conducted in accordance with
45 this subsection.
- 46 (2) On or before July 31, 2024, a final report on its findings and determinations
47 with respect to the comparisons conducted in accordance with this subsection.

48 **SECTION 9E.6.(i)** Evaluation of Pilot Program. – The pilot program shall terminate
49 no later than August 1, 2024. No later than 90 days after the submission of its final report under
50 subdivision (h)(2) of this section, the Sheps Center shall conduct and submit to the Joint
51 Legislative Oversight Committee on Health and Human Services and the Department an

1 evaluation of the effectiveness of the pilot program for a licensure accreditation process for adult
2 care homes that could inform future changes to the licensure process and requirements. The
3 evaluation shall include, but not be limited to, an assessment of the following information from
4 the pilot program:

- 5 (1) A determination by the Sheps Center that a sufficient number of pilot ACHs
6 and control group member AHCs participated and provided data over a
7 sufficient period of time to enable a reliable evaluation of the pilot program.
- 8 (2) The determination of the Sheps Center on the impact accreditation has on
9 adult care home resident outcomes, or whether it demonstrably improves or at
10 least maintains resident outcomes, based on the quality measures established
11 by the Sheps Center.
- 12 (3) The completion of unannounced surveys by the Pilot Program Accrediting
13 Body within 12 months from the prior accreditation effective date.
- 14 (4) The timely notification to surveyed facilities of identified deficiencies with
15 the accreditation program's standards.
- 16 (5) The monitoring of the correction of identified deficiencies at the facility with
17 the program standards of the pilot accrediting body.
- 18 (6) Other relevant factors identified during the pilot program.

19 **SECTION 9E.6.(j)** Of the funds appropriated in this act to the Department of Health
20 and Human Services, the sum of one million five hundred thousand dollars (\$1,500,000) in
21 nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the NCSLA and the
22 NCALA. The NCSLA and the NCALA shall use these funds to jointly administer the grant
23 program authorized by subsection (e) of this section. Up to ten percent (10%) of these allocated
24 funds may be used for administrative costs incurred by NCSLA and NCALA in administering
25 the grant program component of the pilot program.

26 **SECTION 9E.6.(k)** Of the funds appropriated in this act to the Department of Health
27 and Human Services, one million eight hundred fifty thousand dollars (\$1,850,000) in
28 nonrecurring funds for the 2021-2022 fiscal year shall be transferred to the Board of Governors
29 of The University of North Carolina System to be allocated to the University of North Carolina
30 at Chapel Hill for the Program on Aging, Disability, and Long-Term Care within the Cecil G.
31 Sheps Center for Health Services Research to cover the cost of participation in the pilot program
32 authorized by subsection (b) of this section. These funds shall be expended over the period
33 beginning with the effective date of the pilot program and ending with the submission to the Joint
34 Legislative Oversight Committee on Health and Human Services and the Department of an
35 evaluation of the effectiveness of this pilot program for a licensure accreditation process for adult
36 care homes that could inform future changes to the licensure process and requirements. The
37 Sheps Center shall use these funds to do the following:

- 38 (1) To develop a recommended list of criteria, data collection, and methodology
39 necessary for measuring care and resident outcomes in adult care homes.
40 These criteria shall relate to, at a minimum, the following:
 - 41 a. Function, specifically falls with injury.
 - 42 b. Health, specifically emergency department visits, hospitalization, and
43 flu immunization.
 - 44 c. Cognition, specifically discharge due to behaviors.
 - 45 d. Quality of dying, specifically hospice use.
 - 46 e. Quality of life, specifically resident satisfaction and family satisfaction
47 reported annually.
 - 48 f. Staffing, specifically turnover and satisfaction (satisfaction reported
49 annually).
- 50 (2) To solicit the program participants, obtain the relevant data, validate select
51 data, enter and clean the data, and generate reports.

- 1 (3) To ensure pilot ACHs compile the information related to quality outcome
 2 measures in a standardized manner, obtain that information, and compare the
 3 quality outcome measures prescribed by the Sheps Center in program
 4 participants and control group members. The methodology used in
 5 comparison of quality outcome measures shall be substantially similar to the
 6 methodology used in the Centers for Medicare and Medicaid Services'
 7 Nursing Home Compare Quality Measures Technical Specifications,
 8 specifically utilizing comparisons based upon per 1,000 resident days.

- 9 (4) To prepare the reports required by subsections (h) and (i) of this section.

10 **SECTION 9E.6.(l)** This section is effective when it becomes law.

12 ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS

13 **SECTION 9E.7.(a)** G.S. 131D-4.4A reads as rewritten:

14 "**§ 131D-4.4A. Adult care home infection prevention requirements.**

15 (a) As used in this section, "adult care home staff" means any employee of an adult care
 16 home involved in direct resident care.

17 (b) In order to prevent transmission of ~~HIV, hepatitis B, hepatitis C, and other bloodborne~~
 18 ~~pathogens, infectious diseases,~~ each adult care home shall do all of the following, ~~beginning~~
 19 ~~January 1, 2012:~~ following:

- 20 (1) Implement a written infection prevention and control policy consistent with
 21 ~~the federal Centers for Disease Control and Prevention guidelines accepted~~
 22 national standards on infection control that addresses at least all of control,
 23 which shall be maintained in the facility and accessible to staff working at the
 24 facility. The policy shall address the following:

- 25 a. Proper disposal of single-use equipment used to puncture skin, mucous
 26 membranes, and other tissues, and proper disinfection of reusable
 27 ~~patient-resident~~ care items that are used for multiple residents.
- 28 b. Sanitation of rooms and equipment, including cleaning procedures,
 29 agents, and schedules.
- 30 c. Accessibility of infection control devices and supplies.
- 31 d. Blood and bodily fluid precautions.
- 32 e. Procedures to be followed when adult care home staff is exposed to
 33 blood or other body fluids of another person in a manner that poses a
 34 significant risk of transmission of HIV, hepatitis B, hepatitis C, or
 35 other bloodborne pathogens.
- 36 f. Procedures to prohibit adult care home staff with exudative lesions or
 37 weeping dermatitis from engaging in direct resident care that involves
 38 the potential for contact between the resident, equipment, or devices
 39 and the lesion or dermatitis until the condition resolves.
- 40 g. Standard and transmission-based precautions, including the following:
- 41 1. Respiratory hygiene and cough etiquette.
- 42 2. Environmental cleaning and disinfection.
- 43 3. Reprocessing and disinfection of reusable resident devices.
- 44 4. Hand hygiene.
- 45 5. Accessibility and proper use of personal protective equipment.
- 46 6. Types of transmission-based precautions and when each type
 47 is indicated, including contact precautions, droplet
 48 precautions, and airborne precautions.
- 49 h. When and how to report to the local health department a suspected or
 50 confirmed, reportable communicable disease case or condition, or a
 51 communicable disease outbreak.

1 i. Measures the facility should consider for specific types of
 2 communicable disease outbreaks in order to prevent the spread of
 3 illness, such as:

4 1. Isolating infected residents.

5 2. Limiting or stopping group activities and communal dining.

6 3. Limiting or restricting outside visitation to the facility.

7 4. Screening staff, residents, and visitors for signs of illness.

8 5. Using source control as tolerated by the residents.

9 j. Strategies for addressing potential staffing issues and ensuring
 10 adequate staffing is available to meet the needs of the residents during
 11 a communicable disease outbreak.

12 (2) Require and monitor compliance with the facility's infection control policy.

13 (3) Update the infection control policy as necessary to ~~prevent the transmission~~
 14 ~~of HIV, hepatitis B, hepatitis C, and other bloodborne pathogens.~~maintain
 15 consistency with the infection prevention and control guidelines included in
 16 the course developed by the Department pursuant to G.S. 131D-4.5C.

17 (4) Designate one on-site staff member for each noncontiguous facility who is
 18 knowledgeable about the federal Centers for Disease Control and Prevention
 19 guidelines on infection control to direct the facility's infection control
 20 activities and ensure that all adult care staff is trained in the facility's written
 21 infection prevention and control policy. ~~Beginning October 1, 2013, any~~
 22 ~~policy developed pursuant to subdivision (b)(1) of this section within 30 days~~
 23 ~~after hire and annually thereafter.~~ Any nonsupervisory staff member
 24 designated to direct the facility's infection control activities shall complete the
 25 infection control course developed by the Department pursuant to
 26 G.S. 131D-4.5C.

27 (5) When a communicable disease outbreak has been identified at a facility or
 28 there is an emerging infectious disease threat, the facility shall ensure
 29 implementation of the facility's infection control and prevention policy
 30 developed pursuant to subdivision (b)(1) of this section and related policies
 31 and procedures; provided, however, that if guidance or directives specific to a
 32 communicable disease outbreak or emerging infectious disease threat have
 33 been issued in writing by the Department or local health department, the
 34 Department's or local health department's specific guidance or directives shall
 35 be implemented by the facility."

36 **SECTION 9E.7.(b)** This section becomes effective October 1, 2021.

37
 38 **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**
 39 **ABUSE SERVICES**

40
 41 **USE OF OPIOID SETTLEMENT FUNDS**

42 **SECTION 9F.1.(a)** The Opioid Abatement Fund (Fund) is established as an
 43 interest-bearing special fund for allocation of appropriated funds to the Department of Health
 44 and Human Services (Department) for opioid-related programs and activities, as specified in this
 45 section. The Fund shall consist of all funds received by the State as a beneficiary of the final
 46 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.
 47 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake
 48 County, pursuant to G.S. 114-2.4A.

49 **SECTION 9F.1.(b)** The Department shall expend moneys in the Fund only to abate
 50 and remediate the harms caused to North Carolina and its citizens by the opioid epidemic, as
 51 specified in subdivisions (1) through (4) of this subsection and in accordance with acts of the

- 1 General Assembly appropriating these funds and specifying limitations and directions for the use
2 of these funds:
- 3 (1) To expand employment and transportation supports through innovative pilot
4 programs in industries in North Carolina that suffered the greatest job losses
5 during the COVID-19 pandemic and are most relied upon by individuals
6 recovering from opioid use disorders to reenter the workforce, such as the food
7 service industry, the hotel and lodging industry, and the entertainment
8 industry. These funds may be used to support all of the following:
- 9 a. Employment support services for individuals in recovery from opioid
10 use disorder, such as job application support and placement with
11 partnering employers, with emphasis on supporting innovative pilot
12 programs to develop a more robust workforce in rural areas of the
13 State.
- 14 b. Training and development funds to encourage a consortium of public
15 and private employers, workforce development boards, and vocational
16 services providers to develop workplace recovery friendly ecosystems.
- 17 c. Transportation support services to enable individuals recovering from
18 opioid use disorder to travel to their places of treatment and their
19 places of employment.
- 20 (2) To support individuals with opioid use disorder who are involved in the
21 criminal justice system through programs and initiatives designed to
22 accomplish any one or more of the following:
- 23 a. Establishment or expansion of existing prearrest and postarrest
24 diversion programs. This includes prearrest diversion, postarrest
25 diversion, and court-based diversion through treatment or recovery
26 courts.
- 27 b. Establishment, expansion, or sustainment of medication-assisted
28 treatment programs that provide to individuals who are incarcerated
29 any medication approved by the United States Food and Drug
30 Administration for opioid use disorder. Programs authorized under
31 this sub-subdivision that are funded in whole or in part by the Opioid
32 Abatement Fund shall be made available to individuals who were
33 already participating in a medication-assisted treatment program prior
34 to being incarcerated, as well as to individuals who initiate
35 medication-assisted treatment during their incarceration to address an
36 opioid use disorder.
- 37 c. Creation or expansion of reentry programs to connect individuals
38 exiting incarceration with harm reduction, treatment, and recovery
39 supports.
- 40 (3) To expand evidence-based treatment supports and to improve connections to
41 care, especially for individuals hospitalized for overdose who are uninsured
42 or underinsured, through the following activities or initiatives:
- 43 a. Evidence-based addiction treatment, including medication-assisted
44 treatment provided by inpatient or outpatient opioid treatment
45 programs.
- 46 b. Expanded access to cost-effective, low-cost, or no-cost
47 medication-assisted treatment in community-based settings.
- 48 c. Expanded care management services, including the use of peer support
49 specialists and care navigators in local health departments, detention
50 facilities, local departments of social services, and community-based
51 settings. Any funding provided pursuant to this sub-subdivision shall

1 be used to provide care management services involving outreach to,
2 engagement with, and coordination for individuals to assist them with
3 accessing opioid use disorder treatment.

4 (4) To develop evidence-based supportive housing services, such as Housing
5 First, that are inclusive of individuals with substance use disorders. Qualifying
6 services that may be funded under this subdivision include the following:

- 7 a. Providing a move-in deposit, rental or utility assistance, or all of these
8 for individuals with substance use disorders who are in recovery or
9 transitioning from residential treatment or incarceration.
- 10 b. Providing community training sessions on tenancy rights and
11 responsibilities.
- 12 c. Establishing relationships with landlords to encourage the elimination
13 of preconditions for housing and to reduce potential incidences of
14 evictions due to substance misuse.
- 15 d. Providing other housing-related supports such as tents, sleeping bags,
16 or other supplies for outdoor living.
- 17 e. Funding or otherwise supporting recovery supported housing that
18 accepts individuals who are utilizing any medication approved by the
19 United States Food and Drug Administration for the treatment of
20 opioid use disorder.

21 **SECTION 9F.1.(c)** Funds deposited into the Opioid Abatement Fund do not
22 constitute an "appropriation made by law" as that phrase is used in Section 7(1) of Article V of
23 the North Carolina Constitution.

24 **SECTION 9F.1.(d)** All funds received by the State as a beneficiary of the final
25 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.
26 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake
27 County, and deposited into the Opioid Abatement Fund shall remain unspent until appropriated
28 by an act of the General Assembly.

29 **SECTION 9F.1.(e)** Of the funds appropriated in this act from the Opioid Abatement
30 Fund established by subsection (a) of this section to the Department of Health and Human
31 Services, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2021-2022
32 fiscal year shall be provided as a directed grant to the North Carolina Association for the
33 Treatment of Opioid Dependence. The North Carolina Association for the Treatment of Opioid
34 Dependence shall not use these funds for any purpose other than an allowable purpose specified
35 under subsection (a) of this section.

36 **SECTION 9F.1.(f)** This section is effective when it becomes law.
37

38 **SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES**

39 **SECTION 9F.3.(a)** For the purpose of mitigating cash flow problems that many
40 local management entities/managed care organizations (LME/MCOs) experience at the
41 beginning of each fiscal year relative to single-stream funding, the Department of Health and
42 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
43 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base
44 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution
45 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year
46 after July, DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh
47 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the
48 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

49 **SECTION 9F.3.(b)** During each year of the 2021-2023 fiscal biennium,
50 DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least eighty percent (80%) of the
51 level of single-stream services provided across the State during the 2014-2015 fiscal year. No

1 LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid
2 for with single-stream funding that support the 2012 settlement agreement entered into between
3 the United States Department of Justice and the State of North Carolina to ensure that the State
4 will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504
5 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v.*
6 *L.C.*, 527 U.S. 581 (1999). This subsection shall not be construed to require a LME/MCO to
7 authorize or maintain the same level of services for any specific individual whose services were
8 paid for with single-stream funding. This subsection shall not be construed to create a private
9 right of action for any person or entity against the State of North Carolina or the Department of
10 Health and Human Services or any of its divisions, agents, or contractors and shall not be used
11 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or
12 Chapter 108D of the General Statutes.

13 **SECTION 9F.3.(c)** If, on or after June 1, 2022, the Office of State Budget and
14 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient
15 cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then the
16 Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer to
17 DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars
18 (\$30,000,000), whichever is less.

19 **SECTION 9F.3.(d)** If, on or after June 1, 2023, OSBM certifies a Medicaid and NC
20 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations
21 for the 2022-2023 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the
22 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

23 24 **ADDICTION TREATMENT FUNDS**

25 **SECTION 9F.3A.** Of the funds appropriated to the Department of Health and
26 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
27 Services (DMH/DD/SAS), the sum of five hundred thousand dollars (\$500,000) in nonrecurring
28 funds for the 2021-2022 fiscal year shall be allocated to Partners Health Management to be used
29 to address the needs of individuals in Surry County that have a substance use disorder or are
30 otherwise struggling with addiction.

31 32 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

33 **SECTION 9F.4.(a)** Use of Funds. – Funds appropriated in this act to the Department
34 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
35 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric
36 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to
37 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
38 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds
39 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of
40 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall
41 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In
42 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated
43 to LME/MCOs for community-based mental health, developmental disabilities, and substance
44 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

45 **SECTION 9F.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS
46 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
47 with this section are utilized solely for individuals who are medically indigent, except that DHHS
48 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health
49 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
50 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for
51 facility-based crisis services and nonhospital detoxification services for individuals in need of

1 these services, regardless of whether the individuals are medically indigent. For the purposes of
2 this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable
3 to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for
4 government-funded health coverage such as Medicare or Medicaid.

5 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or
6 bed days purchased in accordance with this section are distributed across the State and according
7 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with
8 higher acuity levels are distributed across the State and according to greatest need based on
9 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local
10 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these
11 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and
12 control these local inpatient psychiatric beds or bed days, including the determination of the
13 specific local hospital or State psychiatric hospital to which an individual should be admitted
14 pursuant to an involuntary commitment order.

15 **SECTION 9F.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in
16 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be
17 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
18 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the
19 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
20 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital
21 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

22 **SECTION 9F.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
23 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for
24 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
25 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the
26 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may
27 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other
28 provision of law to the contrary, may pay the hospital directly.

29 **SECTION 9F.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to
30 report to DHHS regarding the utilization of these beds or bed days.

31 **SECTION 9F.4.(f)** Reporting by DHHS. – By no later than December 1, 2022, and
32 by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight
33 Committee on Health and Human Services and the Fiscal Research Division on all of the
34 following:

- 35 (1) A uniform system for beds or bed days purchased during the preceding fiscal
36 year from (i) existing State appropriations and (ii) local funds.
 - 37 (2) An explanation of the process used by DHHS to ensure that, except as
38 otherwise provided in subsection (a) of this section, local inpatient psychiatric
39 beds or bed days purchased in accordance with this section are utilized solely
40 for individuals who are medically indigent, along with the number of
41 medically indigent individuals served by the purchase of these beds or bed
42 days.
 - 43 (3) The amount of funds used to pay for facility-based crisis services, along with
44 the number of individuals who received these services and the outcomes for
45 each individual.
 - 46 (4) The amount of funds used to pay for nonhospital detoxification services, along
47 with the number of individuals who received these services and the outcomes
48 for each individual.
 - 49 (5) Other DHHS initiatives funded by State appropriations to reduce State
50 psychiatric hospital use.
- 51

FUNDS FOR OVERDOSE MEDICATIONS

SECTION 9F.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to the North Carolina Harm Reduction Coalition to serve individuals at risk of experiencing an opioid-related drug overdose or to the friends and family members of an at-risk individual.
- (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be distributed at no charge to North Carolina law enforcement agencies.

YOUTH TOBACCO ENFORCEMENT FUNDING

SECTION 9F.6. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313, the State's youth tobacco access law.

INCREASE FUNDING FOR TRAUMATIC BRAIN INJURY SERVICES

SECTION 9F.7A. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of three million nine hundred seventy-three thousand eighty-six dollars (\$3,973,086) in recurring funds for each year of the 2021-2023 fiscal biennium shall be used exclusively to support TBI services as follows:

- (1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars (\$559,218) in recurring funds for each year of the fiscal biennium shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
- (2) The sum of three million four hundred thirteen thousand eight hundred sixty-eight dollars (\$3,413,868) in recurring funds for each year of the fiscal biennium shall be used to provide TBI services and supports established by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services in its operating processes, including residential services, day programs, transportation, respite services, and home modification, to individuals with TBI statewide.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED INPATIENT BEHAVIORAL HEALTH BEDS

SECTION 9F.9.(a) Funds for the Purchase of Additional Beds. – It is the intent of the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the State with the highest need. To that end, of the funds appropriated in this act from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance

1 Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four
2 dollars (\$4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for
3 any renovation or building costs associated with (i) the construction of new licensed inpatient
4 behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed
5 inpatient behavioral health beds, or (iii) a combination of these options as follows:

- 6 (1) One million four hundred twenty thousand four hundred eighty-one dollars
7 (\$1,420,481) in nonrecurring funds shall be used to pay for the construction
8 of new licensed inpatient behavioral health beds at Good Hope Hospital in
9 Harnett County.
- 10 (2) One million four hundred twenty thousand four hundred eighty-one dollars
11 (\$1,420,481) in nonrecurring funds shall be used to create a new behavioral
12 health unit in Betsy Johnson Hospital, a part of Harnett County Health
13 Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new
14 unit shall be reserved for children under the age of 18.
- 15 (3) One million four hundred twenty thousand four hundred eighty-two dollars
16 (\$1,420,482) in nonrecurring funds shall be used to construct new licensed
17 inpatient behavioral beds by Johnston Health Enterprises, Inc., in Johnston
18 County.

19 **SECTION 9F.9.(b)** Certificate of Need Exemption for Certain Facilities. –
20 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General
21 Statutes, or any other provision of law to the contrary, each facility that receives funds allocated
22 under subsection (a) of this section is exempt from certificate of need review for the
23 establishment or expansion of behavioral health services at the facility at which the constructed
24 or converted beds will be brought into operation, including any combination of the following:

- 25 (1) The establishment or expansion of outpatient therapy services or substance
26 use disorder treatment services, or both.
- 27 (2) The replacement or relocation of a behavioral health facility, defined as a
28 psychiatric facility, a facility-based crisis center, or any facility that is
29 primarily engaged in providing services for the diagnosis and treatment of
30 behavioral health issues.
- 31 (3) Changes in inpatient behavioral health bed capacity.

32 **SECTION 9F.9.(c)** Applicability of Licensure Laws. – The establishment or
33 expansion of behavioral health services, including any of the items described in subdivisions (1)
34 through (3) of subsection (b) of this section, are subject to existing licensure laws and
35 requirements.

36 37 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR** 38 **PROJECTS**

39 **SECTION 9F.10.** Any funds allocated under Section 12F.4 of S.L. 2016-94, Section
40 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, or Section 9F.9 of this act
41 to the Department of Health and Human Services, Division of Mental Health, Developmental
42 Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that
43 are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital
44 Property Fund until those funds are expended or encumbered for the purposes specified under
45 Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of
46 S.L. 2018-5, and Section 9F.9 of this act, as applicable.

47 48 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

49 **SECTION 9F.12.(a)** As used in this section, "group home" means any facility that
50 (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised
51 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves

1 minors or adults whose primary diagnosis is mental illness or a developmental disability but may
2 also have other diagnoses.

3 **SECTION 9F.12.(b)** Of the funds appropriated in this act to the Department of
4 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand
6 dollars (\$1,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide
7 temporary, short-term financial assistance in the form of a monthly payment to group homes on
8 behalf of each resident who meets all of the following criteria:

9 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to
10 January 1, 2013, but was determined to be ineligible for PCS on or after
11 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria
12 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of
13 S.L. 2012-145 and Section 70 of S.L. 2012-194.

14 (2) Has continuously resided in a group home since December 31, 2012.

15 **SECTION 9F.12.(c)** These monthly payments shall be subject to all of the following
16 requirements and limitations:

17 (1) The amount of the monthly payments authorized by this section shall not
18 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month
19 for each resident who meets all criteria specified in subsection (b) of this
20 section.

21 (2) A group home that receives the monthly payments authorized by this section
22 shall not, under any circumstances, use these payments for any purpose other
23 than providing, as necessary, supervision and medication management for a
24 resident who meets all criteria specified in subsection (b) of this section.

25 (3) The Department shall make monthly payments authorized by this section to a
26 group home on behalf of each resident who meets all criteria specified in
27 subsection (b) of this section only for the period commencing July 1, 2021,
28 and ending June 30, 2022, or upon depletion of the one million eight hundred
29 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act
30 to DMH/DD/SAS for supplemental short-term assistance for group homes for
31 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

32 (4) The Department shall make monthly payments authorized by this section only
33 to the extent sufficient funds are available from the one million eight hundred
34 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act
35 to DMH/DD/SAS for supplemental short-term assistance for group homes for
36 the 2021-2022 fiscal year for the purpose of this section.

37 (5) The Department shall not make monthly payments authorized by this section
38 to a group home on behalf of a resident during the pendency of an appeal by
39 or on behalf of the resident under G.S. 108A-70.9A.

40 (6) The Department shall terminate all monthly payments pursuant to this section
41 on June 30, 2022, or upon depletion of the one million eight hundred thousand
42 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to
43 DMH/DD/SAS for supplemental short-term assistance for group homes for
44 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

45 (7) Each group home that receives the monthly payments authorized by this
46 section shall submit to the Department a list of all funding sources for the
47 operational costs of the group home for the preceding two years, in accordance
48 with the schedule and format prescribed by the Department.

49 **SECTION 9F.12.(d)** The Department shall use an existing mechanism to administer
50 these funds in the least restrictive manner that ensures compliance with this section and timely
51 and accurate payments to group homes. The Department shall not, under any circumstances, use

1 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds
2 appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group
3 homes for the 2021-2022 fiscal year for any other purpose than the purpose specified in this
4 section.

5 **SECTION 9F.12.(e)** Nothing in this section shall be construed as an obligation by
6 the General Assembly to appropriate funds for the purpose of this section or as an entitlement by
7 any group home, resident of a group home, or other person to receive temporary, short-term
8 financial assistance under this section.

9 **SECTION 9F.12.(f)** No later than December 1, 2021, DMH/DD/SAS shall provide
10 to the Fiscal Research Division the number of group home residents that meet the criteria under
11 subsection (b) of this section.

12 13 **TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE** 14 **FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

15 **SECTION 9F.13.** Of the funds appropriated in this act from the State Fiscal
16 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,
17 Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six
18 hundred thousand dollars (\$12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall
19 be used to distribute a one-time payment to each local management entity/managed care
20 organization (LME/MCO) for the purposes of providing temporary additional funding assistance
21 for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services
22 on a per diem basis.

23 24 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

25 **SECTION 9F.14.(a)** Of the funds appropriated to the Department of Health and
26 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
27 Services, the sum of fifteen million dollars (\$15,000,000) in recurring funds for each year of the
28 2021-2023 fiscal biennium shall be used for the following purposes only:

- 29 (1) Incentivizing local management entities/managed care organizations
30 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other
31 Medicaid-funded services, to support the residential needs of Medicaid
32 recipients living in licensed, community-based group homes.
- 33 (2) Establishing new rate models and rate methodologies to replace the currently
34 inadequate and insufficient State-funded rates supporting residents of
35 licensed, community-based group homes. DHHS shall identify any vacant
36 beds and eligible individuals to fill those beds under the new rate models and
37 rate methodologies and assist with the orderly transition of the eligible
38 individuals into the vacant beds.
- 39 (3) Increasing the existing per member per month payments to LME/MCOs to
40 quickly enable and facilitate the transition to a more appropriate and
41 sustainable service-funding model for licensed, community-based group
42 homes by July 1, 2022. Funds expended under this subdivision shall be
43 allocated in per person amounts, to be determined by DHHS, to individuals
44 with intellectual or other developmental disabilities who received State
45 funding prior to July 1, 2022, and who reside in licensed, community-based
46 group homes for eligible individuals with intellectual and other developmental
47 disabilities.
- 48 (4) Continuing the existing rate structure at the per person amounts for the
49 2021-2023 biennium to offset the loss of bridge funds and maintain the current
50 financial conditions of licensed, community-based group homes that serve

1 children or adults whose primary diagnosis is mental illness or an intellectual
2 or developmental disability.

3 Group homes with only residents who are supported by the North Carolina
4 Innovations Waiver are not eligible to receive any funding under this subsection.

5 **SECTION 9F.14.(b)** DHHS shall develop a more appropriate and sustainable
6 service model for residents of licensed, community-based group homes. In developing this
7 service model, DHHS shall do all of the following:

- 8 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,
9 needs-based rate models and rate methodologies for new "in-lieu-of" services,
10 or other Medicaid-funded services, that will be specific to the residential
11 support services needed in group homes serving Medicaid recipients with
12 intellectual or other developmental disabilities and to residential support
13 services needed in group homes serving Medicaid recipients with a primary
14 diagnosis of mental illness. The rate methodologies shall be comparable to, or
15 a percentage of, existing rates for similar services currently provided through
16 the North Carolina Innovations Waiver. The new rate structures shall include
17 wage and hour increases for direct support personnel working in these group
18 homes.
- 19 (2) In cooperation with stakeholders and LME/MCOs, develop new model
20 service definitions specific to the residential support services needed by
21 Medicaid recipients with mental health needs living in licensed,
22 community-based group homes. The new service definitions shall require the
23 delivery of new habilitation or rehabilitation support services in the residential
24 setting.
- 25 (3) Develop a process whereby all, or a portion of, the State funds used to support
26 Medicaid recipients with mental illness or intellectual or other developmental
27 disabilities living in licensed, community-based group homes prior to the
28 implementation of the new rate structure are used for the new "in-lieu-of"
29 services or other Medicaid services developed pursuant to this subsection. The
30 policy shall ensure an orderly home-by-home transition process. The policy
31 shall ensure that residents who are found to be ineligible for Medicaid services
32 or who do not meet medical necessity criteria for the new "in-lieu-of" services,
33 or other Medicaid-funded services, shall continue to be served using State
34 funds at a need-based rate comparable to the North Carolina Innovations
35 Waiver rate. No resident shall be displaced as a result of being found ineligible
36 for Medicaid services after the implementation of the new "in-lieu-of"
37 services or other Medicaid-funded services. DHHS may use a regional
38 phased-in approach to achieve the goals set forth in this subdivision.
- 39 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or
40 other Medicaid-funded services for all eligible residents with mental illness or
41 intellectual or other developmental disabilities living in licensed,
42 community-based group homes receiving State funds and (ii) transition
43 eligible residents to these more sustainable and appropriate Medicaid services.
- 44 (5) No later than March 1, 2022, report to the Joint Legislative Oversight
45 Committee on Health and Human Services and the Joint Legislative Oversight
46 Committee on Medicaid and NC Health Choice on the service model for
47 residents of licensed, community-based group homes that has been developed.

48 **SECTION 9F.14.(c)** The more appropriate and sustainable service model for
49 residents of licensed, community-based group homes developed in accordance with subsection
50 (b) of this section shall be implemented by July 1, 2022. Once the model is implemented, the
51 State funds that were used to support residents of licensed, community-based group homes prior

1 to implementation shall be reinvested in their entirety in both the new funding model and
2 increased rates to support and equalize wages of direct support personnel serving the residents.
3

4 **SUPPORT COUNTY CRISIS BEHAVIORAL HEALTH PROGRAM JOINT** 5 **PARTNERSHIPS**

6 **SECTION 9F.15.** Of the funds appropriated in this act from the State Fiscal
7 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,
8 Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of
9 twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2021-2022 fiscal year is
10 to be allocated, in a manner determined by DMH/DD/SAS, to Forsyth and Mecklenburg Counties
11 to be used for each county's crisis behavioral health program partnership with the applicable
12 county's local hospital system, local behavioral health crisis centers, local emergency services
13 providers, and the local management entities/managed care organizations (LME/MCOs) serving
14 the county. These crisis behavioral health programs shall continue to aid in assisting individuals
15 who are experiencing a behavioral health crisis by diverting the individuals from the local
16 hospitals, which are under pressure from the COVID-19 pandemic, to more appropriate settings
17 to address those individuals' needs.
18

19 **PART IX-G. PUBLIC HEALTH**

20 21 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 22 **IMPROVE MATERNAL AND CHILD HEALTH**

23 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and
24 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to
25 award competitive grants to local health departments for the improvement of maternal and child
26 health shall be used to continue administering a competitive grant process for local health
27 departments based on maternal and infant health indicators and the county's detailed proposal to
28 invest in evidence-based programs to achieve the following goals:

- 29 (1) Improve North Carolina's birth outcomes.
- 30 (2) Improve the overall health status of children in this State from birth to age 5.
- 31 (3) Lower the State's infant mortality rate.

32 **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall
33 include at least all of the following components:

- 34 (1) A request for application (RFA) process to allow local health departments to
35 apply for and receive State funds on a competitive basis. The Department shall
36 require local health departments to include in the application a plan to evaluate
37 the effectiveness, including measurable impact or outcomes, of the activities,
38 services, and programs for which the funds are being requested.
- 39 (2) A requirement that the Secretary prioritize grant awards to those local health
40 departments that are able to leverage non-State funds in addition to the grant
41 award.
- 42 (3) Ensures that funds received by the Department to implement the plan
43 supplement and do not supplant existing funds for maternal and child health
44 initiatives.
- 45 (4) Allows grants to be awarded to local health departments for up to two years.

46 **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary
47 shall announce the recipients of the competitive grant awards and allocate funds to the grant
48 recipients for the respective grant period pursuant to the amounts designated under subsection
49 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint
50 Legislative Oversight Committee on Health and Human Services on the grant awards that
51 includes at least all of the following:

- 1 (1) The identity and a brief description of each grantee and each program or
2 initiative offered by the grantee.
- 3 (2) The amount of funding awarded to each grantee.
- 4 (3) The number of persons served by each grantee, broken down by program or
5 initiative.

6 **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health
7 department receiving funding pursuant to this section in the respective fiscal year shall submit to
8 the Division of Public Health a written report of all activities funded by State appropriations. The
9 report shall include the following information about the fiscal year preceding the year in which
10 the report is due:

- 11 (1) A description of the types of programs, services, and activities funded by State
12 appropriations.
- 13 (2) Statistical and demographical information on the number of persons served by
14 these programs, services, and activities, including the counties in which
15 services are provided.
- 16 (3) Outcome measures that demonstrate the impact and effectiveness of the
17 programs, services, and activities based on the evaluation protocols developed
18 by the Division, in collaboration with the University of North Carolina
19 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
20 2015-241, and reported to the Joint Legislative Oversight Committee on
21 Health and Human Services on April 1, 2016.
- 22 (4) A detailed program budget and list of expenditures, including all positions
23 funded, matching expenditures, and funding sources.

24 **LIMITATION ON USE OF STATE FUNDS**

25 **SECTION 9G.2.** The limitation on the use of State funds as stated in Section 12E.13
26 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and
27 Human Services for each fiscal year of the 2021-2023 fiscal biennium.
28

29 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG 30 ASSISTANCE PROGRAM**

31 **SECTION 9G.3.** Upon a determination by the Department of Health and Human
32 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
33 operate the health insurance premium assistance program implemented within the North Carolina
34 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
35 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
36 Committee on Health and Human Services notifying the Committee of this determination along
37 with supporting documentation and a proposed course of action with respect to health insurance
38 premium assistance program participants.
39

40 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

41 **SECTION 9G.4.(a)** Of the funds appropriated in this act to the Department of Health
42 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Carolina
43 Pregnancy Care Fellowship, a nonprofit corporation, no more than five percent (5%) of the funds
44 allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for
45 administrative purposes. The balance of these funds shall be used for direct services.
46

47 **SECTION 9G.4.(b)** Carolina Pregnancy Care Fellowship shall report to the Joint
48 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
49 Division on the use of the funds appropriated in this act as follows:

- 50 (1) By July 1, 2022, on the use of funds received for the 2021-2022 fiscal year,
51 including the use of any funds awarded as subgrants.

- 1 (2) By July 1, 2023, on the use of funds received for the 2022-2023 fiscal year,
2 including the use of any funds awarded as subgrants.
3

4 **CAROLINA PREGNANCY CARE FELLOWSHIP/GRANTS FOR DURABLE**
5 **MEDICAL EQUIPMENT AND TRAINING**

6 **SECTION 9G.4A.(a)** Of the funds appropriated in this act to the Department of
7 Health and Human Services, Division of Public Health, for the Carolina Pregnancy Care
8 Fellowship, a nonprofit corporation, the sum of five hundred thousand dollars (\$500,000) in
9 nonrecurring funds for the 2021-2022 fiscal year and the sum of five hundred thousand dollars
10 (\$500,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as a directed
11 grant to the Carolina Pregnancy Care Fellowship to be used to provide the following to clinics
12 that apply to the Carolina Pregnancy Care Fellowship:

- 13 (1) Grants to purchase durable medical equipment.
14 (2) Grants to pay for training on the use of durable medical equipment.

15 **SECTION 9G.4A.(b)** No more than five percent (5%) of the funds allocated for the
16 purposes of this section for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be
17 used for administrative purposes.
18

19 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

20 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health
21 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain
22 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the
23 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for
24 administrative purposes. The balance of these funds shall be used for direct services.
25

26 **EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM INTO A**
27 **STATEWIDE PROGRAM**

28 **SECTION 9G.6.(a)** Of the funds appropriated in this act to the Department of Health
29 and Human Services, Division of Public Health, the sum of three million two hundred thousand
30 dollars (\$3,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three
31 million two hundred thousand dollars (\$3,200,000) in nonrecurring funds for the 2022-2023
32 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, as provided in
33 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes
34 only.

35 **SECTION 9G.6.(b)** The Human Coalition shall use funds allocated pursuant to
36 subsection (a) of this section to expand the continuum of care pilot program authorized by Section
37 11E.13(b) of S.L. 2017-57 into a statewide program. The purpose of the statewide continuum of
38 care program includes expansion and operation of the Human Coalition Pregnancy Support
39 Program to provide community outreach, consultations, and support and care coordination for
40 women experiencing under-supported pregnancies. The program is designed to (i) encourage
41 healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family
42 formation, (iv) assist in establishing successful parenting techniques, and (v) increase the
43 economic self-sufficiency of families. The continuum of care program shall consist of existing
44 locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other
45 locations around the State to be determined by the Human Coalition. All providers rendering
46 services under the program for which they are compensated with funds allocated pursuant to
47 subsection (a) of this section shall be physically located in the State of North Carolina. The
48 continuum of care program shall provide direct services, supports, social services case
49 management, and referrals to biological parents of unborn children and biological or adoptive
50 parents of children under the age of 2 and shall consist of at least all of the following components:

- 51 (1) Outreach to at-risk populations eligible for the program.

- 1 (2) The use of licensed nurses to perform the following functions:
2 a. Assessment and evaluation of needs related to pregnancy or parenting.
3 b. Provision of medically accurate, pregnancy-related medical
4 information to program participants.
- 5 (3) The use of licensed social workers, or other individuals of equivalent
6 experience, to perform the following functions:
7 a. Development of a care plan, resources, and supports for program
8 participants to address identified needs.
9 b. Referrals to appropriate local resources, including State and federal
10 benefits programs and local charitable organizations.
11 c. Assistance in applying for State and federal benefits programs.
12 d. Assistance in accomplishing elements of the care plan.

13 **SECTION 9G.6.(c)** In order to be eligible to receive services under the continuum
14 of care program, an individual shall, at the time of initial contact with the program, be (i) a
15 resident of North Carolina and (ii) a biological parent of an unborn child or a biological or
16 adoptive parent of a child under the age of 2. Participants of the original pilot program authorized
17 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible
18 to continue to receive continuum of care program services for a period of six months from the
19 date of termination of pregnancy.

20 **SECTION 9G.6.(d)** The Human Coalition may use up to ten percent (10%) of the
21 funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

22 **SECTION 9G.6.(e)** By December 1, 2021, and every six months thereafter, the
23 Human Coalition shall report to the Department of Health and Human Services on the status and
24 operation of the continuum of care program authorized by subsection (b) of this section. The
25 report shall include at least all of the following:

- 26 (1) A detailed breakdown of expenditures for the program.
27 (2) The number of individuals served by the program, and for the individuals
28 served, the types of services provided to each.
29 (3) Any other information requested by the Department of Health and Human
30 Services as necessary for evaluating the success of the program.

31 **SECTION 9G.6.(f)** By April 1, 2023, the Department of Health and Human Services
32 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the
33 Fiscal Research Division on the status and operation of the continuum of care program.

34 **TIMELY UPDATES TO NEWBORN SCREENING PROGRAM**

35 **SECTION 9G.6A.(a)** G.S. 130A-125(b) reads as rewritten:

36 "(b) The Commission shall adopt rules necessary to implement the Newborn Screening
37 Program. The rules shall include, but shall not be limited to, the conditions for which screening
38 is required. The Commission shall amend the rules as necessary to ensure that each condition
39 listed on the Recommended Uniform Screening Panel developed by the Secretary of the United
40 States Department of Health and Human Services and the Advisory Committee on Heritable
41 Disorders of Newborns and Children (the RUSP) is included in the Newborn Screening ~~Program,~~
42 Program within three years after being added to the RUSP, except that the Commission is exempt
43 from rule making with respect to adding screening tests for Pompe disease,
44 Mucopolysaccharidosis Type I (MPS I), and X-Linked Adrenoleukodystrophy (X-ALD). The
45 Department of Health and Human Services shall provide a report to the Joint Legislative
46 Oversight Committee on Health and Human Services 18 months after a condition is added to the
47 RUSP. When a delay adding an RUSP-identified condition to the Newborn Screening Program
48 exceeds three years, the Department shall provide a report on the status and reasons for the delay
49 to the Joint Legislative Oversight Committee on Health and Human Services every six months
50 following the three-year delay.
51

1 Screening is not required when the parents or the guardian of the infant object to such
2 screening. If the parents or guardian object to the screening, the objection shall be presented in
3 writing to the physician or other person responsible for administering the test, who shall place
4 the written objection in the infant's medical record."

5 **SECTION 9G.6A.(b)** This section becomes effective January 1, 2022.

6
7 **CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL**
8 **CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT**
9 **OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND**
10 **HUMAN SERVICES**

11 **SECTION 9G.7.(a)** G.S. 87-98.2 reads as rewritten:

12 **"§ 87-98.2. Definitions.**

13 The definitions in G.S. 87-85 and the following definitions apply in this Article:

- 14 (1) Commission. – The Well Contractors Certification ~~Commission, as~~
15 ~~established by G.S. 143B-301.11.~~Commission established in Article 7B of
16 this Chapter.
17 (2) Department. – The Department of ~~Environmental Quality.~~Health and Human
18 Services.
19 (3) Person. – A natural person.
20 (4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human
21 Services.
22 (5) Well contractor. – A person in trade or business who undertakes to perform a
23 well contractor activity or who undertakes to personally supervise or
24 personally manage the performance of a well contractor activity on the
25 person's own behalf or for any person, firm, or corporation.
26 (6) Well contractor activity. – The construction, installation, repair, alteration, or
27 abandonment of any well."

28 **SECTION 9G.7.(b)** Part 9A of Article 7 of Chapter 143B of the General Statutes
29 (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the
30 General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

31 "Article 7B.

32 "Well Contractors Certification Commission.

33 **"§ 87-99. Definitions.**

34 ~~The~~Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and
35 G.S. 87-98.2 apply in this Part.

36 **"§ 87-99.1. Creation, powers, and duties of the Commission.**

37 (a) Creation and Duties. – ~~The~~There is established within the Department of Health and
38 Human Services, Division of Public Health, the Well Contractors Certification Commission~~is~~
39 ~~created within the Department.~~Commission. The Commission shall:

- 40 (1) Adopt rules with respect to the certification of well contractors as provided by
41 Article 7A of Chapter 87 of the General Statutes.
42 (2) Exercise quasi-judicial powers in accordance with the provisions of Chapter
43 150B of the General Statutes. The Commission shall make the final agency
44 decision on any matter involving the certification of well contractors pursuant
45 to Article 7A of Chapter 87 of the General Statutes and on civil penalties
46 assessed for violations of that Article or rules adopted pursuant to that Article.
47 (3) Adopt rules as may be required to secure a federal grant-in-aid for a program
48 concerned with the certification of well contractors. This subdivision is to be
49 liberally construed in order that the State and its citizens may benefit from
50 federal grants-in-aid.

1 (b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and
2 Human Services any of its powers, other than the power to adopt rules.

3 **"§ 87-99.2. Membership of Commission.**

4 (a) Appointments. – The Commission shall consist of seven members appointed as
5 follows:

- 6 (1) One member appointed by the General Assembly upon recommendation of
7 the Speaker of the House of Representatives who, at the time of appointment,
8 is (i) engaged in well contractor activities, (ii) certified as a well contractor
9 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily
10 in the construction, installation, repair, alteration, or abandonment of domestic
11 water supply wells, and (iv) a resident of a county that is located east of or is
12 traversed by Interstate 95.
- 13 (2) One member appointed by the General Assembly upon recommendation of
14 the Speaker of the House of Representatives who, at the time of appointment,
15 is (i) engaged in well contractor activities, (ii) certified as a well contractor
16 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily
17 in the construction, installation, repair, alteration, or abandonment of domestic
18 water supply wells, and (iv) a resident of a county that is located wholly west
19 of Interstate 95.
- 20 (3) One member appointed by the General Assembly upon recommendation of
21 the President Pro Tempore of the Senate who, at the time of appointment, is
22 (i) engaged in well contractor activities, (ii) certified as a well contractor under
23 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily
24 in the construction, installation, repair, alteration, or abandonment of
25 industrial, municipal, or other large capacity water supply wells.
- 26 (4) One member appointed by the General Assembly upon recommendation of
27 the President Pro Tempore of the Senate who, at the time of appointment, is
28 (i) engaged in well contractor activities, (ii) certified as a well contractor under
29 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily
30 in the construction, installation, repair, alteration, or abandonment of
31 nonwater supply wells, such as monitoring or recovery wells.
- 32 (5) One member appointed by the General Assembly upon recommendation of
33 the Speaker of the House of Representatives who, at the time of appointment,
34 is (i) employed by a local county health department and (ii) actively engaged
35 in well inspection and permitting.
- 36 (6) One member appointed by the General Assembly upon recommendation of
37 the President Pro Tempore of the Senate who, at the time of appointment, is
38 (i) employed by a local county health department and (ii) actively engaged in
39 well inspection and permitting.
- 40 (7) One member appointed by the Governor who is (i) appointed from the public
41 at large, (ii) not engaged in well contractor activities, and (iii) not an employee
42 of a firm or corporation engaged in well contractor activities or a State or
43 county governmental agency.

44 (b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3),
45 and (4) shall be made from among all those persons who are recommended for appointment to
46 the Commission by any person who is engaged in well contractor activities and who is certified
47 as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be
48 appointed to the Commission who is a resident of, or has a principal place of business in, the
49 same county as another member of the Commission.

50 (c) Terms. – Appointments to the Commission shall be for terms of three years. The terms
51 of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly

1 divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on
 2 30 June of years that follow by one year those years that are evenly divisible by three. The terms
 3 of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede
 4 by one year those years that are evenly divisible by three. Members shall serve until their
 5 successors are appointed and qualified. No member shall serve more than two consecutive terms.

6 (d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its
 7 members. These officers shall serve from the time of their election until 30 June of the following
 8 year, or until a successor is elected.

9 (e) Vacancies. – An appointment to fill a vacancy on the Commission created by the
 10 resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired
 11 term. Vacancies in appointments made by the General Assembly shall be filled as provided in
 12 G.S. 120-122.

13 (f) Removal. – The Governor may remove any member of the Commission from office
 14 for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

15 (g) Compensation. – The members of the Commission shall receive per diem and
 16 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

17 (h) Quorum. – A majority of the membership of the Commission constitutes a quorum
 18 for the transaction of business.

19 (i) Services. – All clerical and other services required by the Commission shall be
 20 supplied by the Secretary.

21 "§§ 87-99.3 through 87-99.9: Reserved for future codification purposes."

22 **SECTION 9G.7.(c)** G.S. 93B-1(3) reads as rewritten:

23 "(3) State agency licensing board. – Any State agency staffed by full-time State
 24 employees, which as part of their regular functions issue licenses. This section
 25 does not apply to the North Carolina Criminal Justice Education and Training
 26 Standards Commission, the North Carolina Sheriffs' Education and Training
 27 Standards Commission, and the North Carolina Department of Revenue. The
 28 following is a nonexclusive list of State agency licensing boards and the
 29 profession or occupation for which the board, agency, or officer may issue
 30 licenses:

31 ...

32 b. ~~The Department of Environmental Quality.~~

33 ~~1. Well Contractors Certification Commission.~~

34 ~~I. Well Contractor. Article 7A of Chapter 87 of the~~
 35 ~~General Statutes.~~

36 c. The Department of Health and Human Services.

37 1. North Carolina Medical Care Commission.

38 I. Ambulance Attendant, Emergency Medical
 39 Technician. Article 7 of Chapter 131E of the General
 40 Statutes.

41 2. Well Contractors Certification Commission.

42 I. Well Contractor. Article 7A of Chapter 87 of the
 43 General Statutes.

44"

45 **SECTION 9G.7.(d)** G.S. 143B-138.1(d) is amended by adding a new subdivision to
 46 read:

47 "(7) Well Contractors Certification Commission."

48
 49 **LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS AND CHILD**
 50 **CARE FACILITIES**

1 **SECTION 9G.8.(a)** Of the funds appropriated in this act from the State Fiscal
2 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the
3 sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022
4 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement
5 programs to benefit public school units and child care facilities:

6 (1) Thirty-two million eight hundred twelve thousand five hundred dollars
7 (\$32,812,500) in nonrecurring funds shall be used to fund a program for the
8 testing and remediation of lead levels in drinking water at public school units
9 and child care facilities. To the extent feasible and practical, testing conducted
10 in public school units shall follow the same model for testing conducted in
11 child care facilities. In addition, the program shall include a mechanism for
12 providing funding for the replacement of service lines, pipes, and fixtures, as
13 needed, or for the installation of filters at affected faucets within public school
14 units and child care facilities that test positive for lead in drinking water.

15 (2) One hundred seventeen million one hundred eighty-seven thousand five
16 hundred dollars (\$117,187,500) in nonrecurring funds shall be used to fund a
17 program for lead paint abatement and asbestos abatement in public school
18 units and child care facilities. The program shall include at least the following
19 components:

20 a. A mechanism for providing funding for lead paint abatement, asbestos
21 abatement, or both in public school units and child care facilities;
22 provided, however, that the following conditions are met:

23 1. An inspector or management planner determines that action
24 must be taken in response to an inspection report. As used in
25 this section, the terms "inspector" and "management planner"
26 have the same meaning as in 10A NCAC 41C .0601.

27 2. Lead paint, asbestos, or both are detected as part of an
28 inspection or as part of a capital, renovation, or repair project
29 and a determination is made that remediation is required.
30 Capital projects may include HVAC, window, or other
31 ventilation projects related to COVID-19 mitigation, or other
32 capital, renovation, or repair projects undertaken during
33 calendar years 2021 through 2024.

34 b. A requirement that public school unit recipients of funds allocated
35 under this subdivision shall provide matching funds in the amount of
36 one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State
37 funds.

38 **SECTION 9G.8.(b)** The Department of Health and Human Services, Division of
39 Public Health (DPH), shall serve as the lead agency responsible for administering the programs
40 authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate
41 with (i) the Department of Public Instruction regarding administration of these programs for the
42 benefit of public school units and charter schools and (ii) its Division of Child Development and
43 Early Education regarding administration of these programs for the benefit of child care facilities.
44 The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child
45 Development and Early Education as necessary to accomplish the goals of these programs in an
46 efficient and cost-effective manner.

47 **SECTION 9G.8.(c)** Not later than six months after all funds appropriated in this act
48 for the purposes of this section have been expended, the Department of Health and Human
49 Services, Division of Public Health, and the Department of Public Instruction shall report to the
50 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative

1 Education Oversight Committee, and the Fiscal Research Division on the following lead and
2 asbestos remediation and abatement activities authorized by this section, broken down by county:

- 3 (1) The number of public school units and child care facilities tested for lead in
4 drinking water, for lead paint or asbestos in the buildings or facilities, or a
5 combination of these.
- 6 (2) The number of public school units and child care facilities determined to be
7 in need of remediation for lead in drinking water, for lead paint or asbestos
8 abatement, or a combination of these.
- 9 (3) The number of public school units and child care facilities that have requested
10 assistance from the Department of Health and Human Services or the
11 Department of Public Instruction with remediation for lead in drinking water,
12 for lead paint or asbestos abatement, or for a combination of these.
- 13 (4) The number of remediation or abatement projects completed under the
14 programs authorized by subsection (a) of this section and the total amount of
15 funds expended for each project, broken down by each category of
16 remediation and abatement.

17 18 **HUNTERSVILLE OCULAR MELANOMA STUDY**

19 **SECTION 9G.9.(a)** Of the funds appropriated in this act to the Department of Health
20 and Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars
21 (\$150,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed
22 grant to the Town of Huntersville to study and abate the cause of frequent cases of ocular
23 melanoma in the area.

24 **SECTION 9G.9.(b)** By December 1, 2021, the Town of Huntersville shall provide
25 a report to the Department of Environmental Quality and the Department of Health and Human
26 Services on the budget plan for the funds allocated in this section.

27 28 **USE OF JUUL SETTLEMENT FUNDS**

29 **SECTION 9G.10.(a)** There is created and established within the Department of
30 Health and Human Services, Division of Public Health, a nonreverting special fund to be known
31 as the Youth Electronic Nicotine Dependence Abatement Fund (Fund). The Fund shall consist
32 of moneys received by the State as a beneficiary of the final consent judgment resolving the case,
33 State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the
34 General Court of Justice, Superior Court Division, Durham County. Moneys in the Fund shall be
35 expended only upon an act of appropriation by the General Assembly and for the following
36 purposes in accordance with the final consent judgment:

- 37 (1) Tobacco cessation media campaigns, resources, and programs to help both
38 youth and young adults who have become addicted to nicotine using
39 e-cigarettes and other tobacco/nicotine products quit.
- 40 (2) Evidence-based media and education campaigns to prevent the initiation of
41 tobacco use, especially e-cigarettes and other new and emerging
42 tobacco/nicotine products.
- 43 (3) Data monitoring to track tobacco/nicotine use and exposure among youth and
44 young adults and populations at risk, and independent evaluation of the reach
45 and effectiveness of the State's tobacco prevention and cessation programs
46 with respect to evidence-based programs designed to help youth addicted to
47 nicotine through e-cigarettes and other new and emerging tobacco and
48 nicotine products quit.
- 49 (4) Staff, projects, and systems to educate partners and stakeholders about
50 evidence-based policy, systems, and environmental change to help youth quit

1 and prevent tobacco/nicotine initiation, including to track compliance with the
2 conduct provisions of the consent decree.

3 **SECTION 9G.10.(b)** There is appropriated from the Youth Electronic Nicotine
4 Dependence Abatement Fund to the Department of Health and Human Services, Division of
5 Public Health, the sum of thirteen million dollars (\$13,000,000) in nonrecurring funds for the
6 2021-2022 fiscal year to be used as follows:

- 7 (1) Forty percent (40%) for the allowable uses described in subdivision (a)(1) of
8 this section.
- 9 (2) Thirty percent (30%) for the allowable uses described in subdivision (a)(2) of
10 this section.
- 11 (3) Ten percent (10%) for the allowable uses described in subdivision (a)(3) of
12 this section.
- 13 (4) Twenty percent (20%) for the allowable uses described in subdivision (a)(4)
14 of this section.

15 **SECTION 9G.10.(c)** Annually on September 1, the Department of Health and
16 Human Services shall report to the Joint Legislative Oversight Committee on Health and Human
17 Services and the Fiscal Research Division on the expenditures made from the Fund during the
18 preceding fiscal year. The report shall identify each expenditure and shall indicate the authority
19 under this section for the expenditure.

20
21 **FUNDS TO EXPAND LOCAL COMMUNICABLE DISEASE PROGRAMS TO**
22 **ADDRESS THE IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**

23 **SECTION 9G.11.(a)** Of the funds appropriated in this act from the State Fiscal
24 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the
25 sum of thirty-six million dollars (\$36,000,000) in nonrecurring funds for the 2021-2022 fiscal
26 year shall be allocated to local health departments to expand communicable disease surveillance,
27 detection, control, and prevention activities to address the COVID-19 public health emergency
28 and other communicable disease challenges impacted by the COVID-19 public health
29 emergency. The Division of Public Health shall expend up to eighteen million dollars
30 (\$18,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds
31 during the 2022-2023 fiscal year. In the distribution of these funds to local health departments
32 under this section, for each year of the 2021-2023 fiscal biennium, the Division of Public Health
33 shall divide nine million dollars (\$9,000,000) equally among the local health departments based
34 on the number of counties served by each local health department. The Division of Public Health
35 shall distribute the remaining nine million dollars (\$9,000,000) to local health departments based
36 upon the percentage of the State population served by each of the local health departments. The
37 Division shall begin distributing the funds allocated under this section no later than 60 days after
38 this act becomes law. In utilizing these funds, local health departments shall comply with
39 applicable federal rules and guidance governing the State Fiscal Recovery Fund.

40 **SECTION 9G.11.(b)** By February 1, 2022, the Department of Health and Human
41 Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on
42 Health and Human Services on the funding appropriated by this section. The report shall include
43 the elements below:

- 44 (1) The amount of funding pursuant to this section that each county received for
45 surveillance, detection, control, and prevention of communicable diseases.
- 46 (2) An explanation if the sum of the funding received by all counties under this
47 section is not equivalent to the total funds appropriated each year.
- 48 (3) Information on how the local health departments plan to use and subsequently
49 did use these funds to address surveillance, detection, control, and prevention
50 of communicable diseases.

- 1 (4) Consistent with the supplement and not supplant intent of this section, the
2 report shall delineate funds other than those distributed in accordance with
3 this section that were received by each county to address surveillance,
4 detection, control, and prevention of communicable diseases.
5 (5) Additional information as may be requested by the Joint Legislative Oversight
6 Committee on Health and Human Services.
7

8 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

9

10 **PART IX-I. SOCIAL SERVICES**

11 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT** 12 **STATE-COUNTY SPECIAL ASSISTANCE**

13 **SECTION 9I.1.(a)** The following definitions apply in this section:

- 14 (1) Facility licensed to accept State-County Special Assistance payments or
15 facility. – Any residential care facility that is (i) licensed by the Department
16 of Health and Human Services and (ii) authorized to accept State-County
17 Special Assistance payments from its residents.
18

- 19 (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

20 **SECTION 9I.1.(b)** Of the funds appropriated in this act from the State Fiscal
21 Recovery Fund to the Department of Health and Human Services, Division of Social Services,
22 the sum of forty-eight million dollars (\$48,000,000) in nonrecurring funds for the 2021-2022
23 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance.
24 The Division of Social Services shall expend up to twenty-four million dollars (\$24,000,000) of
25 these allocated funds during the 2021-2022 fiscal year and any remaining funds during the
26 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment
27 to these facilities to offset the increased costs of serving residents who are recipients of
28 State-County Special Assistance during the public health emergency. For the period commencing
29 July 1, 2021, and ending when the funds allocated under this section are depleted or on the date
30 federal law requires these funds to be fully expended, whichever is earlier, the amount of the
31 monthly payment authorized by this section shall be equal to one hundred twenty-five dollars
32 (\$125.00) per month for each resident of the facility as of the first day of the month who is a
33 recipient of State-County Special Assistance. The DSS shall not make monthly payments
34 authorized by this section to a facility on behalf of a resident whose eligibility determination for
35 State-County Special Assistance is pending. The DSS shall terminate all monthly payments
36 pursuant to this subsection when the funds allocated under this section are depleted or on the date
37 federal law requires these funds to be fully expended, whichever is earlier. The counties are not
38 responsible for paying any portion of these monthly payments. Nothing in this section shall be
39 construed as an obligation by the General Assembly to appropriate funds for the purpose of this
40 section or as an entitlement by any facility, resident of a facility, or other person to receive
41 financial assistance under this section.
42

43 **TANF BENEFIT IMPLEMENTATION**

44 **SECTION 9I.2.(a)** The General Assembly approves the plan titled "North Carolina
45 Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the
46 Department of Health and Human Services and presented to the General Assembly. The North
47 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019,
48 through September 30, 2022. The Department shall submit the State Plan, as revised in
49 accordance with subsection (b) of this section, to the United States Department of Health and
50 Human Services.

1 **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North
2 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by
3 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

4 **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an
5 Electing County or to be redesignated as an Electing County and the accompanying county plan
6 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing
7 County budget requirements effective July 1, 2021. For programmatic purposes, all counties
8 referred to in this subsection shall remain under their current county designation through
9 September 30, 2022.

10 **SECTION 9I.2.(d)** For each year of the 2021-2023 fiscal biennium, Electing
11 Counties shall be held harmless to their Work First Family Assistance allocations for the
12 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance
13 and Work First Diversion Assistance are sufficient for payments made by the Department on
14 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

15 **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family
16 Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023
17 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and
18 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the
19 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work
20 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite
21 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain
22 approval by the Office of State Budget and Management. If the Department adjusts the allocation
23 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative
24 Oversight Committee on Health and Human Services and the Fiscal Research Division.

25
26 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE**
27 **ENHANCEMENTS, AND REPORT**

28 **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
29 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
30 children and families in cases of abuse, neglect, and dependency where a child is at imminent
31 risk of removal from the home and to children and families in cases of abuse where a child is not
32 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.
33 The IFPS shall ensure the application of standardized assessment criteria for determining
34 imminent risk and clear criteria for determining out-of-home placement.

35 **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that
36 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
37 provide information and data that allows for the following:

- 38 (1) An established follow-up system with a minimum of six months of follow-up
39 services.
- 40 (2) Detailed information on the specific interventions applied, including
41 utilization indicators and performance measurement.
- 42 (3) Cost-benefit data.
- 43 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
44 by tracking families through the intervention process.
- 45 (5) The number of families remaining intact and the associated interventions
46 while in IFPS and 12 months thereafter.
- 47 (6) The number and percentage, by race, of children who received IFPS compared
48 to the ratio of their distribution in the general population involved with Child
49 Protective Services.

50 **SECTION 9I.3.(c)** The Department shall continue implementing a
51 performance-based funding protocol and shall only provide funding to those programs and

1 entities providing the required information specified in subsection (b) of this section. The amount
2 of funding shall be based on the individual performance of each program.

3 **SECTION 9I.3.(d)** The Department shall submit an annual report to the Joint
4 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
5 Division by December 1 of each year that provides the information and data collected pursuant
6 to subsection (b) of this section.

7 8 **CHILD CARING INSTITUTIONS**

9 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting
10 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
11 maximum reimbursement for child caring institutions shall not exceed the rate established for the
12 specific child caring institution by the Department of Health and Human Services, Office of the
13 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
14 reimbursements.

15 16 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

17 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the
18 Department of Health and Human Services, Division of Social Services, may continue to provide
19 for the financial support of children who are deemed to be (i) in a permanent family placement
20 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
21 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
22 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include
23 provisions for extending guardianship services for individuals and youth who exited foster care
24 through the Guardianship Assistance Program after 16 years of age or who have attained the age
25 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
26 the individual is (i) completing secondary education or a program leading to an equivalent
27 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
28 participating in a program or activity designed to promote, or remove barriers to, employment,
29 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
30 employment requirements of this section due to a medical condition or disability. The
31 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
32 and be set at the same rate as the foster care room and board rates in accordance with rates
33 established under G.S. 108A-49.1.

34 35 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

36 **SECTION 9I.6.(a)** Funds appropriated in this act from the General Fund to the
37 Department of Health and Human Services for the child welfare postsecondary support program
38 shall be used to continue providing assistance with the "cost of attendance" as that term is defined
39 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,
40 youth who exit foster care to a permanent home through the Guardianship Assistance Program
41 (GAP), or special needs children adopted from foster care after age 12. These funds shall be
42 allocated by the State Education Assistance Authority.

43 **SECTION 9I.6.(b)** Of the funds appropriated in this act from the General Fund to
44 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for
45 each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State
46 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform
47 administrative functions necessary to manage and distribute scholarship funds under the child
48 welfare postsecondary support program.

49 **SECTION 9I.6.(c)** Of the funds appropriated in this act from the General Fund to
50 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand
51 four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall

1 be used to contract with an entity to administer the child welfare postsecondary support program
2 described under subsection (a) of this section, which administration shall include the performance
3 of case management services.

4 **SECTION 91.6.(d)** Funds appropriated in this act to the Department of Health and
5 Human Services for the child welfare postsecondary support program shall be used only for
6 students attending public institutions of higher education in this State.

7 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

9 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support
10 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social
11 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
12 receives from the federal government to enhance centralized child support services. To
13 accomplish this requirement, NCCSS shall do the following:

- 14 (1) In consultation with representatives from county child support services
15 programs, identify how federal incentive funding could improve centralized
16 services.
- 17 (2) Use federal incentive funds to improve the effectiveness of the State's
18 centralized child support services by supplementing and not supplanting State
19 expenditures for those services.
- 20 (3) Continue to develop and implement rules that explain the State process for
21 calculating and distributing federal incentive funding to county child support
22 services programs.

23 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall
24 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
25 receives from the federal government to county child support services programs to improve
26 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
27 do the following:

- 28 (1) In consultation with representatives from county child support services
29 programs, examine the current methodology for distributing federal incentive
30 funding to the county programs and determine whether an alternative formula
31 would be appropriate. NCCSS shall use its current formula for distributing
32 federal incentive funding until an alternative formula is adopted.
- 33 (2) Upon adopting an alternative formula, develop a process to phase in the
34 alternative formula for distributing federal incentive funding over a four-year
35 period.

36 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –
37 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
38 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
39 child support services programs to comply with each of the following:

- 40 (1) Submit an annual plan describing how federal incentive funding would
41 improve program effectiveness and efficiency as a condition of receiving
42 federal incentive funding.
- 43 (2) Report annually on the following: (i) how federal incentive funding has
44 improved program effectiveness and efficiency and been reinvested into their
45 programs, (ii) provide documentation that the funds were spent according to
46 their annual plans, and (iii) explain any deviations from their plans.

47 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
48 child support incentive funding to the Joint Legislative Oversight Committee on Health and
49 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
50 describe how federal incentive funds enhanced centralized child support services to benefit
51 county child support services programs and improved the effectiveness and efficiency of county

1 child support services programs. The report shall further include any changes to the State process
2 the NCCSS used in calculating and distributing federal incentive funding to county child support
3 services programs and any recommendations for further changes.
4

5 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

6 **SECTION 91.8.(a)** The Foster Care Transitional Living Initiative Fund shall
7 continue to fund and support transitional living services that demonstrate positive outcomes for
8 youth, attract significant private sector funding, and lead to the development of evidence-based
9 programs to serve the at-risk population described in this section. The Fund shall continue to
10 support a demonstration project with services provided by Youth Villages to (i) improve
11 outcomes for youth ages 17-21 years who transition from foster care through implementation of
12 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
13 juvenile and adult correction services associated with the provision of Transitional Living
14 Services to youth aging out of foster care, and (iii) take necessary steps to establish an
15 evidence-based transitional living program available to all youth aging out of foster care. In
16 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall
17 support the following strategies:

- 18 (1) Transitional Living Services, which is an outcome-based program that follows
19 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
20 participants have been tracked since the program's inception. The program has
21 been evaluated through an independent randomized controlled trial. Results
22 indicate that the Youth Villages Transitional Living Model had positive
23 impacts in a variety of areas, including housing stability, earnings, economic
24 hardship, mental health, and intimate partner violence in comparison to the
25 control population.
- 26 (2) Public-Private Partnership, which is a commitment by private-sector funding
27 partners to match at least twenty-five percent (25%) of the funds appropriated
28 to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal
29 biennium for the purposes of providing Transitional Living Services through
30 the Youth Villages Transitional Living Model to youth aging out of foster
31 care.
- 32 (3) Impact Measurement and Evaluation, which are services funded through
33 private partners to provide independent measurement and evaluation of the
34 impact the Youth Villages Transitional Living Model has on the youth served,
35 the foster care system, and on other programs and services provided by the
36 State which are utilized by former foster care youth.
- 37 (4) Advancement of Evidence-Based Process, which is the implementation and
38 ongoing evaluation of the Youth Villages Transitional Living Model for the
39 purposes of establishing the first evidence-based transitional living program
40 in the nation. To establish the evidence-based program, additional randomized
41 controlled trials may be conducted to advance the model.

42 **SECTION 91.8.(b)** No more than fifteen percent (15%) of the total State funds
43 appropriated in this act for the Foster Care Transitional Living Initiative Fund in accordance with
44 this section shall be used for administrative costs.
45

46 **PERMANENCY INNOVATION INITIATIVE**

47 **SECTION 91.9.(a)** G.S. 131D-10.9B reads as rewritten:

48 **"§ 131D-10.9B. Permanency Innovation Initiative Fund.**

49 (a) There is created the Permanency Innovation Initiative Fund that will support a
50 ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to
51 (i) improve permanency outcomes for children living in foster care through reunification with

1 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve
2 engagement with biological relatives of children in or at risk of entering foster care, and (iii)
3 reduce costs associated with maintaining children in foster care. In implementing these goals, the
4 Permanency Innovation Initiative Fund shall support the following strategies:

5 ...
6 (a) No more than fifteen percent (15%) of the State funds appropriated for this program
7 shall be used for administrative costs.

8"

9 **SECTION 9I.9.(b)** Funds appropriated in this act to the Department of Health and
10 Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for
11 the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all
12 available federal matching funds.

13 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

14 **SECTION 9I.10.(a)** Funds appropriated in this act to the Department of Health and
15 Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal
16 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and
17 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor
18 costs to generate the data regarding expenditures of those programs. The vendor shall generate
19 data to be submitted to the Division that includes, at a minimum, each of the following:

- 20 (1) The dollar amount and number of transactions accessed or expended
21 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 22 (2) The amount of benefits expended out-of-state, by state, from active cases for
23 both SNAP and TANF.
- 24 (3) The dollar amount and number of transactions of benefits accessed or
25 expended in this State, by types of retailers or institutions, for both SNAP and
26 TANF.

27 **SECTION 9I.10.(b)** Upon receiving the expenditures data for SNAP and TANF
28 from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the
29 Division shall submit a report on its analysis of the data by June 30 and December 31 of each
30 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
31 Research Division. The Division shall post its report required by this subsection on its website
32 and otherwise make the data available by June 30 and December 31 of each year. In the first
33 report required by this section, the Division shall report how this data is used to investigate fraud
34 and abuse in both SNAP and TANF. The Division shall also report on other types of data and
35 how that data is utilized in the detection of fraud and abuse.

36 **SECTION 9I.10.(c)** The Division shall maintain the confidentiality of information
37 not public under Chapter 132 of the General Statutes. The Division shall properly redact any
38 information subject to reporting under this section to prevent identification of individual
39 recipients of SNAP or TANF benefits.

40 **INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES**

41 **SECTION 9I.11.(a)** Effective December 1, 2021, G.S. 108A-49.1 reads as rewritten:
42 "**§ 108A-49.1. Foster care and adoption assistance payment rates.**

43 (a) The maximum rates for State participation in the foster care assistance program are
44 established on a graduated scale as follows:

- 45 (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five
46 years of age.
- 47 (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.
- 48 (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21
49 years of age.

1 (b) The maximum rates for the State adoption assistance program are established
2 consistent with the foster care rates as follows:

- 3 (1) ~~\$475.00~~ \$514.00 per child per month for children from birth through five
4 years of age.
5 (2) ~~\$581.00~~ \$654.00 per child per month for children six through 12 years of age.
6 (3) ~~\$634.00~~ \$698.00 per child per month for children at least 13 but less than 21
7 years of age.

8"

9 **SECTION 9L11.(b)** Notwithstanding G.S. 108A-49.1(d), for the 2021-2022 fiscal
10 year only, the Department of Health and Human Services, Division of Social Services, shall use
11 a portion of the funds allocated in this act for foster care and adoption assistance rate increases
12 to cover the county share of the cost of care for the rate increases under this section.

13 REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES

14 **SECTION 9L13.(a)** In accordance with the plan submitted by the Social Services
15 Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31,
16 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required
17 by S.L. 2017-41 (Rylan's Law), the Department of Health and Human Services (Department)
18 shall establish seven regions for regional supervision of child welfare and social services and
19 begin providing oversight and support within those regions through State regional staff and the
20 central office team by March 1, 2022. To that end, the Department shall continue, pursuant to
21 existing authority, with (i) redeploying positions identified in the report to support regionalization
22 and all managerial staff needed to support regionalization in the central office and (ii) repurposing
23 corresponding operating expenses. The Department shall pursue procurement of physical offices
24 within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve
25 the child welfare system. The Department shall move towards full implementation of a regional
26 model, with offices, by March 1, 2024. The Department shall use existing funds to provide staff
27 to improve regional supervision and support of child welfare services pursuant to the plan as
28 described in this subsection.

29 **SECTION 9L13.(b)** The Department of Health and Human Services, Division of
30 Social Services (Division), and the North Carolina Association of Regional Councils of
31 Governments (Councils of Governments) shall explore entering into a memorandum of
32 agreement to (i) utilize Councils of Governments' physical office space and office-related needs
33 for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs
34 by region for the office space and sample agreements between the Division and the Councils of
35 Governments.

36 **SECTION 9L13.(c)** The Division of Social Services shall submit a report to the
37 chairs of the Senate Appropriations Committee on Health and Human Services and the House
38 Appropriations Committee on Health and Human Services by January 1, 2022, on the estimated
39 costs, by region, for office space and sample agreements as described in subsection (b) of this
40 section.

41 DEPLOY CHILD WELFARE COMPONENT OF NC FAST

42 **SECTION 9L15.(a)** Funds allocated in Section 9B.2 of this act shall be used by the
43 Department of Health and Human Services, Division of Social Services (Division), to resume
44 deployment of the North Carolina Families Accessing Services through Technology (NC FAST)
45 system as it relates to case management functionality for child welfare. The Division shall deploy
46 the child welfare case management component of the NC FAST system statewide before October
47 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare
48 Request for Information and Child Welfare Case Management Legislative Report," dated
49 September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare
50
51

1 Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated
2 June 12, 2020.

3 **SECTION 9I.15.(b)** The Division of Social Services (Division) shall release a
4 request for proposal (RFP) for at least one significant augmentation to the child welfare
5 component of the NC FAST system within 30 days from the date the Division receives federal
6 approval of its procurement plan. The Division shall enter into a contract to augment and enhance
7 the child welfare case management component of the NC FAST system within 90 days of
8 releasing the RFP. The contract shall align with the recommendations developed by the Executive
9 Advisory Committee within the Department, with consideration given to software currently
10 deployed by county departments of social services.

11 12 **FUNDS FOR CABARRUS COOPERATIVE CHRISTIAN MINISTRY**

13 **SECTION 9I.16.** Of the funds appropriated in this act to the Department of Health
14 and Human Services, Division of Social Services, the sum of forty thousand dollars (\$40,000) in
15 nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Cabarrus
16 Cooperative Christian Ministry, an organization that provides immediate assistance and support
17 to members of the community experiencing crisis in the areas of food, housing, or finances. These
18 funds shall be used to provide services in Cabarrus County only.

19 20 **CHILD ADVOCACY CENTER FUNDS**

21 **SECTION 9I.17.** Of the funds appropriated in this act to the Department of Health
22 and Human Services, Division of Social Services, the sum of five million dollars (\$5,000,000)
23 in recurring funds for each year of the 2021-2023 fiscal biennium and the sum of five million
24 dollars (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the
25 Children's Advocacy Centers of North Carolina, Inc., (CACNC) a nonprofit organization. At
26 least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in
27 this State that are in good standing with CACNC to assist with increased costs due to the
28 COVID-19 pandemic.

29 30 **FUNDS FOR TANF/WORK FIRST FAMILIES**

31 **SECTION 9I.18.(a)** Of the funds appropriated in this act from the Pandemic
32 Emergency Assistance Fund to the Department of Health and Human Services, Division of Social
33 Services (Division), the sum of sixteen million seven hundred eighty-two thousand eight hundred
34 seventy-five dollars (\$16,782,875) in nonrecurring funds shall be used to provide two payments
35 to families enrolled in the Temporary Assistance for Needy Families (TANF)/Work First Cash
36 Assistance program with one or more children to mitigate the negative impacts of the COVID-19
37 pandemic. Payments made pursuant to this section shall be distributed as follows:

- 38 (1) Families enrolled in the Work First Cash Assistance program with one or more
39 children 0 to 5 years of age shall receive one payment of five hundred dollars
40 (\$500.00) per child in the Fall of 2021 and a second payment of five hundred
41 dollars (\$500.00) per child, based on the availability of funds, in the Summer
42 of 2022. These funds shall be distributed via an electronic benefit transfer
43 (EBT) card, and it is the intent of the General Assembly that these funds be
44 used for the following types of expenditures:
- 45 a. Extra cash assistance to cover added costs caused by the COVID-19
46 pandemic.
 - 47 b. Clothing.
 - 48 c. School supplies.
 - 49 d. Personal protective equipment.
- 50 (2) Families enrolled in the Work First Cash Assistance program with one or more
51 children 6 to 17 years of age shall receive one payment of five hundred dollars

1 (\$500.00) per child in the Fall of 2021 and a second payment of five hundred
2 dollars (\$500.00) per child, based on the availability of funds, in the Summer
3 of 2022. The Division of Social Services (Division) shall transfer funds to the
4 State Education Assistance Authority (SEAA) to provide payments under this
5 subdivision. These funds shall be distributed via an e-wallet platform
6 established through SEAA. SEAA may select a vendor to provide the platform
7 for distributing the funds. The Division shall coordinate with the SEAA to
8 provide the SEAA with a list of recipients eligible for payments under this
9 subdivision. Payments distributed under this subdivision shall be used for any
10 of the following:

- 11 a. School supplies.
- 12 b. Limited snacks, as specified by the vendor.
- 13 c. Clothing.

14 The Division may allocate up to seventy-five thousand dollars (\$75,000) of
15 the funds described in this section to the SEAA for administrative costs,
16 including contracting with outside organizations in accordance with
17 subsection (b) of this section.

18 **SECTION 9L.18.(b)** In implementing the provisions of subdivision (a)(2) of this
19 section, the State Education Assistance Authority (SEAA) may contract with outside
20 organizations to administer the payments, including a vendor that provides a virtual e-wallet
21 platform and an e-commerce marketplace. The outside organizations may also include vendors,
22 auditing firms, or financial institutions who can restrict the use of funds to allowable expenditures
23 or firms that preauthorize allowable expenditures. The SEAA shall adopt any necessary rules for
24 the administration of payments pursuant to this section.

25 **SECTION 9L.18.(c)** The Division of Social Services and the State Education
26 Assistance Authority, as applicable, are authorized to adjust the second payments distributed
27 under subsection (a) of this section based on the availability of funds.

28 **SECTION 9L.18.(d)** All funds provided under this section shall be expended by the
29 deadline established by federal law and in accordance with federal law and guidelines.

30 **PART IX-J. VOCATIONAL REHABILITATION SERVICES**

31 **FUNDS FOR NATIONAL MULTIPLE SCLEROSIS SOCIETY/HOME** 32 **MODIFICATION PROGRAM**

33 **SECTION 9J.2.** Of the funds appropriated in this act to the Department of Health
34 and Human Services, Division of Vocational Rehabilitation, the sum of three hundred thousand
35 dollars (\$300,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a
36 directed grant to the National Multiple Sclerosis (MS) Society for home modification services
37 and home modification assistance grants to help residents in this State who have multiple
38 sclerosis remain in their homes.

39 **PART IX-K. HHS MISCELLANEOUS**

40 **IMPROVING ACCESS TO CARE THROUGH TELEHEALTH**

41 **SECTION 9K.3.(a)** Part 7 of Article 50 of Chapter 58 of the General Statutes is
42 amended by adding a new section to read as follows:

43 **"§ 58-50-305. Coverage for the delivery of health care services through telehealth.**

44 (a) For the purposes of this section, the following definitions shall apply:

45 (1) Health benefit plan. – As defined in G.S. 58-3-167.

46 (2) Telehealth. – The delivery of health care services by a health care provider
47 who is licensed in this State through (i) an encounter conducted through

1 real-time interactive audio and video technology, (ii) store and forward
 2 services that are provided by asynchronous technologies as the standard
 3 practice of care where medical information is sent to a provider for evaluation,
 4 or (iii) a communication in which the provider has access to the patient's
 5 medical history prior to the telehealth encounter. Any requirement for a
 6 face-to-face, in-person encounter shall be satisfied with the use of
 7 asynchronous telecommunications technologies in which the health care
 8 provider has access to the patient's medical history prior to the telehealth
 9 encounter. Telehealth shall include audio communication only if additional
 10 medical history and clinical information is communicated electronically
 11 between the provider and patient. Telehealth shall not include the delivery of
 12 services solely through electronic mail, text chat, or fax.

13 (b) All of the following shall apply to all health benefit plans offered in this State:

- 14 (1) A health benefit plan may not exclude from coverage a health care service or
 15 procedure delivered by a health care professional to an insured through
 16 telehealth solely because the health care service or procedure is not provided
 17 through an in-person, face-to-face consultation. This includes reimbursement
 18 for patient monitoring using telehealth.
- 19 (2) A health benefit plan shall reimburse for provider-to-provider consultations
 20 that are conducted using telehealth if the health benefit plan would provide
 21 reimbursement for that consult had it taken place in person, face-to-face.
- 22 (3) A health benefit plan may require a deductible, a copayment, or coinsurance
 23 for a covered health care service or procedure delivered by a preferred or
 24 contracted health professional to an insured through telehealth. The amount
 25 of the deductible, copayment, or coinsurance may not exceed the amount of
 26 the deductible, copayment, or coinsurance required had the covered health
 27 care service been provided in person, face-to-face.
- 28 (4) No health benefit plan may require prior authorization for the delivery of
 29 health care services through telehealth if prior authorization is not required
 30 had the health care service taken place in person, face-to-face.
- 31 (5) No health benefit plan may put limits on the originating site or the distant site
 32 for the delivery of health care through telehealth.
- 33 (6) In accordance with G.S. 90-21.82(1), telehealth shall not be used for any
 34 health care services related to an abortion, including a medication abortion,
 35 except in the case of a medical emergency as defined in G.S. 90-21.81(5)."

36 **SECTION 9K.3.(b)** This section becomes effective October 1, 2021, and applies to
 37 health benefit plan contracts issued, renewed, or amended on or after that date.

38 **LICENSED OPTICIANS MODIFICATIONS**

39 **SECTION 9K.4.(a)** Article 17 of Chapter 90 of the General Statutes reads as
 40 rewritten:

41 "Article 17.

42 "Dispensing Opticians.

43 ...

44 **"§ 90-236. What constitutes practicing as a dispensing optician.**

45 Any one or combination of the following practices when done for pay or reward shall
 46 constitute practicing as a dispensing optician: Interpreting prescriptions issued by licensed
 47 physicians ~~and/or~~ and optometrists; fitting glasses on the face; servicing glasses or spectacles;
 48 measuring of patient's face, fitting frames, compounding and fabricating lenses and frames, and
 49 any therapeutic device used or employed in the correction of vision, and alignment of frames to
 50 the face of the wearer, provided, however, that the provisions of this section shall not apply to
 51

1 students and apprentices. The following shall not constitute practicing as a dispensing optician:
 2 (i) selecting frames, (ii) placing an order for the delivery of an optical aid, (iii) transacting a sale,
 3 (iv) transferring an optical aid to the wearer after an optician has completed fitting it, (v) minor
 4 repairs to glasses or spectacles, or (vi) providing instruction in the general care and use of an
 5 optical aid, including placement, removal, hygiene, or cleaning.

6 ...

7 **"§ 90-237. Qualifications for dispensing opticians.**

8 In order to be issued a license as a registered licensed optician by the North Carolina State
 9 Board of Opticians, the applicant:

- 10 (1) Shall not have violated this Article or the rules of the Board.
 11 (2) Shall be at least 18 years of age and a high school graduate or equivalent.
 12 (2a) Shall be of good moral character.
 13 (3) Shall have passed ~~an~~ a national examination conducted by the Board to
 14 determine his or her fitness to engage in the business of a dispensing optician.
 15 (4) ~~Shall have completed a six month internship by working full time under the~~
 16 ~~supervision of a licensed optician, optometrist, or physician trained in~~
 17 ~~ophthalmology, in order to demonstrate proficiency in the areas of~~
 18 ~~measurement of the face, and fitting and adjusting glasses and frames to the~~
 19 ~~face, lens recognition, lens design, and prescription interpretation.~~
 20 (5) If the applicant seeks certification as a contact lens fitter, shall have passed a
 21 national examination selected by the Board to determine his or her fitness to
 22 engage in the business of a contact lens fitter.

23 ...

24 **"§ 90-240. Examination.**

25 (a) Applicants ~~to take the examination for licensure as a dispensing opticians optician~~
 26 and for certification as a contact lens fitter shall be high school graduates or the equivalent ~~who~~
 27 who, in addition to having passed the national examination selected by the Board, have done
 28 completed one of the following:

- 29 (1) Successfully completed a two-year course of training in an accredited school
 30 of opticianry with a minimum of 1600 hours.
 31 (2) Completed two ~~and one half~~ years of apprenticeship while registered with the
 32 Board under a licensed dispensing optician, with any time spent in a
 33 recognized school credited as part of the apprenticeship period.
 34 (3) Completed two ~~and one half~~ years of apprenticeship while registered with the
 35 Board under the direct supervision of an optometrist or a physician
 36 specializing in ophthalmology, provided the supervising optometrist or
 37 physician elects to operate the apprenticeship under the same requirements
 38 applicable to dispensing opticians.

39 (a1) Applicants to take the examination for dispensing opticians who are graduates from
 40 an accredited college or university with a four-year degree or comparable degree in a
 41 health-related field shall satisfy one of the following:

- 42 (1) The requirements of subdivision (1) of subsection (a) of this section.
 43 (2) Successful completion of ~~two years~~ one year of apprenticeship while
 44 registered with the Board under a health care professional identified in
 45 subdivision (2) or (3) of subsection (a) of this section. The Board may adopt
 46 rules specifying the colleges, universities, and coursework that meet the
 47 accreditation requirements of this subsection.

48 (b) The national examination to become a licensed dispensing optician selected by the
 49 Board shall be confined to such knowledge as is reasonably necessary to engage in preparation
 50 and dispensing of optical devices and shall include all of the following:

- 51 (1) The skills necessary for the proper analysis of ~~prescriptions;~~ prescriptions.

1 (2) The skills necessary for the dispensing of eyeglasses and contact lenses;
2 ~~and lenses.~~

3 (3) ~~The processes by which the products offered by dispensing opticians are~~
4 ~~manufactured.~~

5 (b1) The national examination to become a certified contact lens fitter selected by the
6 Board shall be confined to the knowledge as is reasonably necessary to engage in the fitting of
7 contact lenses.

8 (c) ~~The examination examinations~~ shall be given at least twice each year at sites and on
9 dates that are publicly announced 60 days in advance.

10 (d) Each applicant shall, upon request, receive his or her examination score on each
11 section of the examination.

12 (e) The Board shall include as part or all of the examination, any nationally prepared and
13 recognized examination, and ~~will~~ shall periodically review and validate any exam in use by the
14 Board. The Board will credit an applicant ~~with the score on any national test successfully~~
15 ~~completed in the three years immediately preceding the date the applicant is scheduled to take~~
16 ~~the North Carolina examination, who is certified by the American Board of Opticianry (ABO) or~~
17 ~~the National Contact Lens Examiners (NCLE) with completing the applicable North Carolina~~
18 ~~examination, to the extent that such test is included in the North Carolina examination. the ABO~~
19 ~~National Opticianry Competency Exam and the NCLE Contact Lens Registry Examination are~~
20 ~~accepted by the Board.~~ The Board shall adopt rules designating the nationally prepared and
21 recognized examinations that will satisfy and serve as credit for parts or all of the North Carolina
22 examination.

23 ...

24 **"§ 90-241. Waiver of written examination requirements.**

25 (a) The Board shall grant a license without examination to any applicant who:

26 (1) Is at least 18 years of age.

27 (2) Is of good moral character.

28 (3) ~~Holds~~ Either (i) holds a license in good standing as a dispensing optician in
29 another state or (ii) is certified by the American Board of Opticianry,
30 National Contact Lens Examiners, or other nationally recognized organization
31 that certifies opticians, and who has been

32 (4) ~~Has engaged in the practice of opticianry in the other a state that does not~~
33 ~~license opticians for at least two of the four years immediately preceding the~~
34 ~~application to the Board.~~

35 (5) Has not violated this Article or the rules of the Board.

36 (b) ~~The Board shall grant admission to the next examination and grant license upon~~
37 ~~attainment of a passing score on the examination to a person who has worked, in a state that does~~
38 ~~not license opticians, in opticianry for four years immediately preceding the application to the~~
39 ~~Board performing tasks and taking the curriculum equivalent to the North Carolina~~
40 ~~apprenticeship, and who meets the requirements of G.S. 90-237(1) through (3).~~

41 ...

42 **"§ 90-243. Registration of places of business, apprentices.**

43 The Board may adopt rules ~~requiring, as a condition of dispensing, requiring~~ the registration
44 of places of business where ophthalmic dispensing is engaged in, and for registration of
45 apprentices ~~and interns~~ who are working under direct supervision of a licensed optician. The
46 Board may also require that any information furnished to it as required by law or regulation be
47 furnished under oath.

48 ...

49 **"§ 90-252. Engaging in practice without license.**

50 (a) Any person, firm or corporation owning, managing or conducting a store, shop or
51 place of business ~~and not having~~ conducting optical dispensing shall have a licensed dispensing

1 optician at that store, office, place of business, or optical establishment in its employ and on duty,
2 during duty all hours in which when acts constituting the business of opticianry optical dispensing
3 are carried on, allowing for usual and customary absences, including illness, meal breaks, and
4 meetings away from establishment. Any licensed dispensing optician engaged in supervision of
5 such store, office, place of business or optical establishment, on the premises may be in charge
6 of optical dispensing operations at an establishment without need for special registration.

7 (b) Any person, firm, or corporation representing to the public, public that optical
8 dispensing is performed at the location, by means of advertisement or otherwise or by using the
9 words, "optician, licensed optician, optical establishment, optical office, ophthalmic dispenser,"
10 or any combination of such those terms within or without such store representing that the same
11 is a legally established optical place of business duly licensed as such and that store, shall have
12 the optical dispensing managed or conducted by persons holding a dispensing optician's license,
13 when in fact such permit is not held by such person, firm or corporation, or by some person
14 employed by such license or apprentice registration.

15 (c) Any person, firm firm, or corporation and that owns, manages, or conducts optical
16 dispensing without being licensed as an optician, registered as an apprentice, or employing those
17 persons who are on the premises for the appropriate hours and in charge of such optical business,
18 responsible for optical dispensing, shall be guilty of a Class 1 misdemeanor."

19 **SECTION 9K.4.(b)** The North Carolina State Board of Opticians shall adopt
20 temporary rules to implement the provisions of this act.

21 **SECTION 9K.4.(c)** This section becomes effective October 1, 2021.

22
23 **WORKERS' COMPENSATION/PSYCHOLOGICAL TRAUMA-RELATED INJURIES**

24 **SECTION 9K.5.** G.S. 97-53 reads as rewritten:

25 **"§ 97-53. Occupational diseases enumerated; when due to exposure to chemicals.**

26 The following diseases and conditions only shall be deemed to be occupational diseases
27 within the meaning of this Article:

28 ...
29 (30) Special provisions for employment-related occupational diseases of first
30 responders. – The following provisions apply in determining eligibility of a
31 first responder for compensation benefits under this Article:

32 a. The term "first responder," as used in this section, means a law
33 enforcement officer, a firefighter, a 911 dispatcher, or an emergency
34 medical technician or paramedic employed by State or local
35 government. The term also includes a volunteer firefighter meeting the
36 requirements of G.S. 58-84-5(3a).

37 b. For the purposes of this section, posttraumatic stress disorder, as
38 described in the Diagnostic and Statistical Manual of Mental
39 Disorders, Current Edition, published by the American Psychiatric
40 Association, suffered by a first responder is a compensable
41 occupational disease if the first responder is examined and
42 subsequently diagnosed with such disorder by a health care provider
43 who establishes within a reasonable degree of medical certainty that
44 the posttraumatic stress disorder is caused by activities of employment
45 as a first responder.

46 c. An employing agency of a first responder, including volunteer first
47 responders, shall provide educational training related to mental health
48 awareness, prevention, mitigation, and treatment.

49"

50
51 **DIGNITY FOR WOMEN WHO ARE INCARCERATED**

1 (a) Limitation on Use of Restraints. – Except as otherwise provided in this subsection,
2 the Department of Public Safety and correctional facility employees shall not apply the following
3 restraints on a pregnant female incarcerated person during the second and third trimester of
4 pregnancy, during labor and delivery, and during the six-week postpartum recovery period:

- 5 (1) Leg restraints.
- 6 (2) Handcuffs or other wrist restraints.
- 7 (3) Restraints connected to other incarcerated persons.
- 8 (4) Waist shackles.

9 A female incarcerated person who is in the postpartum recovery period may only be
10 restrained if a correctional facility employee makes an individualized determination that an
11 important circumstance exists. In this case, only wrist handcuffs held in front of the female
12 incarcerated person's body may be used and only when she is ambulatory. The correctional
13 facility employee ordering use of restraints on any female incarcerated person while in the
14 postpartum recovery period shall submit a written report to the warden or administrator of the
15 correctional facility within five days following the use of restraints. The report shall contain the
16 justification for restraining the female incarcerated person during postpartum recovery.

17 Nothing in this subsection shall prohibit the use of handcuffs or wrist restraints held in front
18 of the female incarcerated person's body when in transport outside of the correctional facility,
19 except that these restraints shall not be used in transport when the female incarcerated person is
20 in labor or is suspected to be in labor.

21 Nothing in this subsection shall prohibit the use of medical restraints by a licensed health
22 care professional to ensure the medical safety of a pregnant female incarcerated person.

23 (b) Body Cavity Searches. – No correctional facility employee, other than a certified
24 health care professional, shall conduct body cavity searches of a female incarcerated person who
25 is pregnant or in the postpartum recovery period unless the correctional facility employee has
26 probable cause to believe that the female incarcerated person is concealing contraband that
27 presents a threat of harm to the female incarcerated person, the fetus, or another person. In this
28 case, the correctional facility employee shall submit a written report to the warden or
29 administrator of the correctional facility within five days following the body cavity search
30 containing the justification for the body cavity search and the presence or absence of any
31 contraband.

32 (c) Nutrition. – The Department of Public Safety and the administrator of the correctional
33 facility shall ensure that pregnant female incarcerated persons are provided sufficient food and
34 dietary supplements and are provided access to food at appropriate times of day, as ordered by a
35 physician, a physician staff member, or a correctional facility nutritionist to meet generally
36 accepted prenatal nutritional guidelines for pregnant female incarcerated persons. While in the
37 hospital, pregnant female incarcerated persons and female incarcerated persons in the postpartum
38 recovery period shall have access to the full range of meal options provided by the hospital to
39 ensure that each meal meets the female incarcerated person's nutritional needs.

40 (d) Restrictive Housing. – The Department of Public Safety and the administrator of the
41 correctional facility shall not place any pregnant female incarcerated person, or any female
42 incarcerated person who is in the six-week postpartum recovery period, in restrictive housing
43 unless a correctional facility employee makes an individualized determination that an important
44 circumstance exists. In this case, the correctional facility employee authorizing the placement of
45 the female incarcerated person in restrictive housing shall submit a written report to the warden
46 or administrator of the correctional facility within five days following the transfer. The report
47 shall contain the justification for confining the female incarcerated person in restrictive housing.

48 (e) Bed Assignments. – The Department of Public Safety and the administrator of the
49 correctional facility shall not assign any female incarcerated person who is pregnant or in
50 postpartum recovery to any bed that is elevated more than 3 feet from the floor of the correctional
51 facility.

1 (f) Cost of Care. – While a pregnant female incarcerated person is incarcerated, the
2 pregnant female incarcerated person shall be provided necessary prenatal, labor, and delivery
3 care as needed at no cost to the pregnant female incarcerated person.

4 (g) Reporting. – The warden or administrator of the correctional facility shall compile a
5 monthly summary of all written reports received pursuant to this section and G.S. 15A-1360.6.
6 The warden or administrator of the correctional facility shall submit the summary to the Chief
7 Deputy Secretary of Adult Correction and Juvenile Justice.

8 **"§ 15A-1360.4. Postpartum recovery of female incarcerated persons.**

9 (a) Bonding Period. – Following the delivery of a newborn by a female incarcerated
10 person, the Department of Public Safety or the administrator of the correctional facility shall
11 permit the newborn to remain with the female incarcerated person while the female incarcerated
12 person is in the hospital, unless the medical provider has a reasonable belief that remaining with
13 the female incarcerated person poses a health or safety risk to the newborn.

14 (b) Nutritional and Hygiene Products During the Postpartum Period. – During the period
15 of postpartum recovery, the Department of Public Safety and the administrator of the correctional
16 facility shall make available the necessary nutritional and hygiene products, including sanitary
17 napkins, underwear, and hygiene products for the postpartum female incarcerated person. The
18 products shall be provided at no cost to the female incarcerated person.

19 **"§ 15A-1360.5. Family considerations; placement of female incarcerated person; visitation.**

20 (a) Placement. – To the greatest extent practicable, after accounting for security and
21 capacity, the Department of Public Safety shall place a female incarcerated person who is in the
22 custody of the State prison system and who is the mother of a minor child under the age of 1
23 within 250 miles of the child's permanent address of record.

24 (b) Visitation. – The Department of Public Safety shall authorize visitation of
25 incarcerated mothers held in State prisons with low- or minimum-security classifications, who
26 are mothers of a minor child under the age of 1, by the incarcerated mother's minor child under
27 the age of 1. These visitations shall be allowed at least twice per week unless a correctional
28 facility employee has a reasonable belief that the child may be harmed during visitation. These
29 visitations shall be allowed by contact visit.

30 **"§ 15A-1360.6. Inspection by correctional facility employees.**

31 (a) Inspections When a Female Incarcerated Person is in the State of Undress. – To the
32 greatest extent practicable and consistent with safety and order in a correctional facility, there
33 shall be a limitation on inspections by male correctional facility employees when a female
34 incarcerated person is in a state of undress. Nothing in this section shall limit the ability of a male
35 correctional facility employee from conducting inspections when a female incarcerated person
36 may be in a state of undress if no female correctional facility employees are available within a
37 reasonable period of time.

38 (b) Documentation Requirement. – If a male correctional facility employee deems it is
39 appropriate to conduct an inspection or search while a female incarcerated person is in a clear
40 state of undress in an area such as the shower, the medical examination room, toilet areas, or
41 while a female incarcerated person is having a body cavity search, the male correctional facility
42 employee shall submit a written report to the warden or administrator of the correctional facility
43 within five days following the inspection or search, containing the justification for a male
44 correctional facility employee to inspect the female incarcerated person while in a state of
45 undress.

46 **"§ 15A-1360.7. Access to menstrual products.**

47 The Department of Public Safety and the administrator of the correctional facility shall ensure
48 that sufficient menstrual products are available at the correctional facility for all female
49 incarcerated persons who have an active menstrual cycle. Female incarcerated persons who
50 menstruate shall be provided menstrual products as needed at no cost to the female incarcerated
51 person.

1 **"§ 15A-1360.8. Training and technical assistance.**

2 (a) Correctional Facility Employee Training. – The Department of Public Safety shall
3 develop, in consultation with the Department of Health and Human Services, Divisions of Public
4 Health and Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall
5 provide to all State prison employees who have significant regular contact with pregnant female
6 incarcerated persons training related to the physical and mental health of pregnant female
7 incarcerated persons and fetuses, including:

8 (1) General care of pregnant women.

9 (2) The impact of restraints on pregnant female incarcerated persons and fetuses.

10 (3) The impact of being placed in restrictive housing on pregnant female
11 incarcerated persons.

12 (4) The impact of body cavity searches on pregnant female incarcerated persons.

13 Training materials and curricula developed pursuant to this subsection shall be made
14 available to administrators of local confinement facilities.

15 (b) Educational Programming for Pregnant Female Incarcerated Persons. – The
16 Department of Public Safety shall develop and provide educational programming to pregnant
17 female incarcerated persons held in State prisons related to:

18 (1) Prenatal care.

19 (2) Pregnancy-specific hygiene.

20 (3) Parenting skills.

21 (4) The impact of alcohol and drugs on the fetus.

22 (5) General health of children.

23 Training materials and curricula developed pursuant to this subsection shall be made
24 available to administrators of local confinement facilities."

25 **SECTION 9K.6.(b)** G.S. 143B-702 reads as rewritten:

26 **"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public**
27 **Safety – rules and regulations.**

28 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
29 Safety shall adopt rules and regulations related to the conduct, supervision, rights and privileges
30 of persons in its custody or under its supervision. Such rules and regulations shall be filed with
31 and published by the office of the Attorney General and shall be made available by the Division
32 for public inspection. The rules and regulations shall include a description of the organization of
33 the Division. A description or copy of all forms and instructions used by the Division, except
34 those relating solely to matters of internal management, shall also be filed with the office of the
35 Attorney General.

36 (b) The rules and regulations adopted under this section shall be subject to the
37 requirements of Article 83A of Chapter 15A of the General Statutes."

38 **SECTION 9K.6.(c)** Article 10 of Chapter 153A of the General Statutes is amended
39 by adding a new section to read:

40 **"§ 153A-221.2. Treatment of pregnant prisoners; female prisoners.**

41 A local confinement facility established pursuant to this Part shall be subject to the
42 requirements of Article 83A of Chapter 15A of the General Statutes."

43 **SECTION 9K.6.(d)** This section becomes effective October 1, 2021.

44
45 **PART IX-L. DHHS BLOCK GRANTS**

46
47 **DHHS BLOCK GRANTS**

48 **SECTION 9L.1.(a)** Except as otherwise provided, appropriations from federal Block
49 Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the
50 following schedule:
51

		FY 2021-2022	FY 2022-2023
1	TEMPORARY ASSISTANCE FOR NEEDY		
2	FAMILIES (TANF) FUNDS		
3			
4	Local Program Expenditures		
5			
6	Division of Social Services		
7			
8	01. Work First Family Assistance	\$36,997,163	\$36,866,447
9			
10	02. Work First County Block Grants	80,093,566	80,093,566
11			
12	03. Work First Electing Counties	2,378,213	2,378,213
13			
14	04. Adoption Services – Special Children		
15	Adoption Fund	3,474,126	3,343,410
16			
17	05. Child Protective Services – Child Welfare		
18	Workers for Local DSS	10,859,640	10,728,924
19			
20	06. Child Welfare Program Improvement Plan	775,176	775,176
21			
22	07. Child Welfare Collaborative	400,000	400,000
23			
24	08. Child Welfare Initiatives	1,400,000	1,400,000
25			
26	Division of Child Development and Early Education		
27			
28	09. Subsidized Child Care Program	45,813,694	45,813,694
29			
30	10. Swap-Child Care Subsidy	12,600,000	12,600,000
31			
32	11. NC Pre-K Services	68,300,000	68,300,000
33			
34	Division of Public Health		
35			
36	12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
37			
38	DHHS Administration		
39			
40	13. Division of Social Services	2,482,260	2,482,260
41			
42	14. Office of the Secretary	34,042	34,042
43			
44	15. Eligibility Systems – Operations and		
45	Maintenance	792,978	713,662
46			
47	16. NC FAST Implementation	443,940	836,088
48			
49	17. Division of Social Services – Workforce		
50	Innovation & Opportunity Act (WIOA)	93,216	93,216
51			

1	18. Division of Social Services TANF Modernization	2,000,000	2,000,000
2			
3	Transfers to Other Block Grants		
4			
5	Division of Child Development and Early Education		
6			
7	19. Transfer to the Child Care and		
8	Development Fund	21,773,001	21,773,001
9			
10	Division of Social Services		
11			
12	20. Transfer to Social Services Block		
13	Grant for Child Protective Services –		
14	Training	285,612	285,612
15			
16	21. Transfer to Social Services Block		
17	Grant for Child Protective Services	5,040,000	5,040,000
18			
19	22. Transfer to Social Services Block		
20	Grant for County Departments of		
21	Social Services for Children's Services	13,097,783	13,097,783
22			
23	23. Transfer to Social Services Block		
24	Grant – Foster Care Services	3,422,219	3,422,219
25			
26	24. Transfer to Social Services Block	1,582,000	1,582,000
27	Grant – Child Advocacy Centers		
28			
29	TOTAL TEMPORARY ASSISTANCE FOR		
30	NEEDY FAMILIES (TANF) FUNDS	\$317,588,628	\$317,509,312
31			
32	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
33	EMERGENCY CONTINGENCY FUNDS		
34			
35	Local Program Expenditures		
36			
37	Division of Child Development and Early Education		
38			
39	01. Subsidized Child Care	\$30,043,764	\$30,043,764
40			
41	TOTAL TEMPORARY ASSISTANCE FOR		
42	NEEDY FAMILIES (TANF) EMERGENCY		
43	CONTINGENCY FUNDS	\$30,043,764	\$30,043,764
44			
45	SOCIAL SERVICES BLOCK GRANT		
46			
47	Local Program Expenditures		
48			
49	Divisions of Social Services and Aging and Adult Services		
50			
51	01. County Departments of Social Services	\$19,905,849	\$19,905,849

1			
2	02. County Departments of Social Services		
3	(Nonrecurring)	1,300,000	1,300,000
4			
5	03. County Departments of Social Services		
6	(Transfer From TANF)	\$13,097,783	\$13,097,783
7			
8	04. EBCI Tribal Public Health and Human Services	244,740	244,740
9			
10	05. Child Protective Services		
11	(Transfer From TANF)	5,040,000	5,040,000
12			
13	06. State In-Home Services Fund	1,943,950	1,943,950
14			
15	07. Adult Protective Services	2,138,404	2,138,404
16			
17	08. State Adult Day Care Fund	1,994,084	1,994,084
18			
19	09. Child Protective Services/CPS		
20	Investigative Services – Child Medical		
21	Evaluation Program	901,868	901,868
22			
23	10. Special Children Adoption Incentive Fund	462,600	462,600
24			
25	11. Child Protective Services – Child		
26	Welfare Training for Counties		
27	(Transfer From TANF)	285,612	285,612
28			
29	12. Home and Community Care Block		
30	Grant (HCCBG)	2,696,888	2,696,888
31			
32	13. Child Advocacy Centers		
33	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000
34			
35	14. Guardianship – Division of Social Services	1,802,671	1,802,671
36			
37	15. Foster Care Services		
38	(Transfer From TANF)	3,422,219	3,422,219
39			
40	Division of Central Management and Support		
41			
42	16. DHHS Competitive Block Grants		
43	for Nonprofits	4,774,525	4,774,525
44			
45	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
46			
47	17. Mental Health Services – Adult and		
48	Child/Developmental Disabilities Program/		
49	Substance Abuse Services – Adult	4,149,595	4,149,595
50			
51	DHHS Program Expenditures		

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Division of Services for the Blind

18. Independent Living Program	3,603,793	3,603,793
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Division of Health Service Regulation

19. Adult Care Licensure Program	557,598	557,598
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20. Mental Health Licensure and Certification Program	266,158	266,158
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Division of Aging and Adult Services

21. Guardianship	3,825,443	3,825,443
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DHHS Administration

22. Division of Aging and Adult Services	715,422	715,422
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23. Division of Social Services	1,019,764	1,019,764
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24. Office of the Secretary/Controller's Office	636,920	636,920
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25. Legislative Increases/Fringe Benefits	293,655	293,655
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26. Division of Child Development and Early Education	13,878	13,878
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27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
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28. Division of Health Service Regulation	133,620	133,620
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29. Division of Services for the Blind and Services for the Deaf and Hard of Hearing	127,010	127,010
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TOTAL SOCIAL SERVICES BLOCK GRANT	\$76,963,495	\$76,963,495
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LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**Local Program Expenditures****Division of Social Services**

01. Low-Income Energy Assistance Program (LIEAP)	\$49,582,017	\$49,257,600
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02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
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Local Administration

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2	Division of Social Services		
3			
4	03. County DSS Administration	6,769,114	6,724,735
5			
6	DHHS Administration		
7			
8	Division of Central Management and Support		
9			
10	04. Division of Social Services	10,000	10,000
11			
12	05. Office of the Secretary/DIRM (Accountable Results for		
13	Community Action (AR4CA) Replacement System)	50,000	166,750
14			
15	06. Office of the Secretary/DIRM	278,954	278,954
16			
17	07. Office of the Secretary/Controller's Office	18,378	18,378
18			
19	08. NC FAST Development	650,388	1,224,912
20			
21	09. NC FAST Operations and Maintenance	1,571,780	1,414,567
22			
23	Transfers to Other State Agencies		
24			
25	Department of Environmental Quality		
26			
27	10. Weatherization Program	8,751,347	8,693,972
28			
29	11. Heating Air Repair and Replacement		
30	Program (HARRP)	5,830,717	5,792,490
31			
32	12. Local Residential Energy Efficiency Service		
33	Providers – Weatherization	527,190	523,733
34			
35	13. Local Residential Energy Efficiency Service		
36	Providers – HARRP	284,682	282,816
37			
38	14. DEQ – Weatherization Administration	527,190	523,733
39			
40	15. DEQ – HARRP Administration	284,682	282,816
41			
42	Department of Administration		
43			
44	16. N.C. Commission on Indian Affairs	87,736	87,736
45			
46	TOTAL LOW-INCOME ENERGY		
47	ASSISTANCE BLOCK GRANT	\$108,205,156	\$108,047,943
48			
49	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
50			
51	Local Program Expenditures		

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Division of Child Development and Early Education

01. Child Care Services	\$241,041,643	\$240,907,680
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	51,808,870	52,143,470

DHHS Administration

Division of Child Development and Early Education

05. DCDEE Administrative Expenses	9,376,286	9,376,286
06. Direct Deposit for Child Care Payments	5,000	5,000

Division of Social Services

07. Local Subsidized Child Care Services Support	18,780,355	18,780,355
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Division of Central Management and Support

08. NC FAST Operations and Maintenance	1,201,697	1,201,697
09. DHHS Central Administration – DIRM Technical Services	979,762	979,762
10. DHHS Central Administration	7,346	7,346

Division of Public Health

11. Child Care Health Consultation Contracts	62,205	62,205
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**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT**

\$352,428,819 \$352,629,456

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Child	\$5,460,328	\$4,432,011
02. Mental Health Services – Adult/Child	27,208,292	17,476,549
03. Mental Health Services – First		

1	Psychotic Symptom Treatment	4,205,369	2,615,497
2			
3	DHHS Administration		
4			
5	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
6			
7	04. Crisis Services	1,569,298	1,307,749
8			
9	05. Administration	323,120	323,120
10			
11	TOTAL MENTAL HEALTH SERVICES		
12	BLOCK GRANT	\$38,766,407	\$26,154,926
13			
14	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
15			
16	Local Program Expenditures		
17			
18	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
19			
20	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
21			
22	02. Substance Abuse Prevention	16,594,705	10,999,983
23			
24	03. Substance Abuse Services – Treatment for		
25	Children/Adults		
26	(First Step Farm of WNC, Inc. \$100,000)	60,846,746	38,467,860
27			
28	04. Crisis Solutions Initiatives – Collegiate		
29	Wellness/Addiction Recovery	1,085,000	1,085,000
30			
31	05. Crisis Solutions Initiatives – Community		
32	Paramedic Mobile Crisis Management	20,000	20,000
33			
34	DHHS Program Expenditures		
35			
36	Division of Central Management and Support		
37			
38	06. Competitive Grants	1,600,000	1,600,000
39			
40	DHHS Administration		
41			
42	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
43			
44	07. Administration	1,320,452	1,320,452
45			
46	08. Controlled Substance Reporting System		
47	Enhancement	427,655	427,655
48			
49	09. Veterans Initiatives	250,000	250,000
50			
51	TOTAL SUBSTANCE ABUSE PREVENTION		

1	AND TREATMENT BLOCK GRANT	\$84,695,473	\$56,721,865
2			
3	MATERNAL AND CHILD HEALTH BLOCK GRANT		
4			
5	Local Program Expenditures		
6			
7	Division of Public Health		
8			
9	01. Women's and Children's Health Services		
10	(Safe Sleep Campaign \$45,000; Sickle Cell		
11	Centers \$100,000; Prevent Blindness \$575,000;		
12	March of Dimes \$350,000; Teen Pregnancy		
13	Prevention Initiatives \$650,000;		
14	Nurse-Family Partnership \$950,000;		
15	Perinatal & Neonatal Outreach		
16	Coordinator Contracts \$440,000;		
17	Mountain Area Pregnancy Services \$50,000)	\$14,778,973	\$14,778,973
18			
19	02. Oral Health	48,227	48,227
20			
21	03. Evidence-Based Programs in Counties		
22	With Highest Infant Mortality Rates	1,575,000	1,575,000
23			
24	DHHS Program Expenditures		
25			
26	04. Children's Health Services	1,427,323	1,427,323
27			
28	05. Women's Health – Maternal Health	169,864	169,864
29			
30	06. Women's and Children's Health – Perinatal		
31	Strategic Plan Support Position	73,920	73,920
32			
33	07. State Center for Health Statistics	158,583	158,583
34			
35	08. Health Promotion – Injury and		
36	Violence Prevention	87,271	87,271
37			
38	DHHS Administration		
39			
40	09. Division of Public Health Administration	552,571	552,571
41			
42	TOTAL MATERNAL AND CHILD		
43	HEALTH BLOCK GRANT	\$18,871,732	\$18,871,732
44			
45	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
46			
47	Local Program Expenditures		
48			
49	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
50			
51	02. Injury and Violence Prevention		

1	(Services to Rape Victims – Set-Aside)	160,000	160,000
2			
3	DHHS Program Expenditures		
4			
5	Division of Public Health		
6			
7	03. HIV/STD Prevention and		
8	Community Planning	137,648	137,648
9			
10	04. Oral Health Preventive Services	150,000	150,000
11			
12	05. Laboratory Services – Testing,		
13	Training, and Consultation	21,000	21,000
14			
15	06. Injury and Violence Prevention		
16	(Services to Rape Victims – Set-Aside)	53,206	53,206
17			
18	07. Performance Improvement and		
19	Accountability	592,123	592,123
20			
21	08. State Center for Health Statistics	82,505	82,505
22			
23	DHHS Administration		
24			
25	Division of Public Health		
26			
27	09. Division of Public Health	65,000	65,000
28			
29	TOTAL PREVENTIVE HEALTH		
30	SERVICES BLOCK GRANT	\$4,291,598	\$4,342,924
31			
32	COMMUNITY SERVICES BLOCK GRANT		
33			
34	01. Community Action Agencies	\$20,916,673	\$20,916,673
35			
36	02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
37			
38	03. Office of Economic Opportunity	1,004,543	1,004,543
39			
40	04. Office of the Secretary/DIRM (Accountable Results for		
41	Community Action (AR4CA) Replacement System)	327,944	589,222
42			
43	05. Office of Economic Opportunity – Workforce		
44	Investment Opportunities Act (WIOA)	60,000	60,000
45			
46	TOTAL COMMUNITY SERVICES		
47	BLOCK GRANT	\$22,925,759	\$22,925,759
48			
49	GENERAL PROVISIONS		

1 **SECTION 9L.1.(b)** Information to Be Included in Block Grant Plans. – The
2 Department of Health and Human Services shall submit a separate plan for each Block Grant
3 received and administered by the Department, and each plan shall include the following:

- 4 (1) A delineation of the proposed allocations by program or activity, including
5 State and federal match requirements.
- 6 (2) A delineation of the proposed State and local administrative expenditures.
- 7 (3) An identification of all new positions to be established through the Block
8 Grant, including permanent, temporary, and time-limited positions.
- 9 (4) A comparison of the proposed allocations by program or activity with two
10 prior years' program and activity budgets and two prior years' actual program
11 or activity expenditures.
- 12 (5) A projection of current year expenditures by program or activity.
- 13 (6) A projection of federal Block Grant funds available, including unspent federal
14 funds from the current and prior fiscal years.
- 15 (7) The required amount of maintenance of effort and the amount of funds
16 qualifying for maintenance of effort in the previous year delineated by
17 program or activity.

18 **SECTION 9L.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
19 United States increases the federal fund availability for any of the Block Grants or contingency
20 funds and other grants related to existing Block Grants administered by the Department of Health
21 and Human Services from the amounts appropriated in this act, the Department shall allocate the
22 increase proportionally across the program and activity appropriations identified for that Block
23 Grant in this section. In allocating an increase in federal fund availability, the Office of State
24 Budget and Management shall not approve funding for new programs or activities not
25 appropriated in this act.

26 If the Congress of the United States decreases the federal fund availability for any of
27 the Block Grants or contingency funds and other grants related to existing Block Grants
28 administered by the Department of Health and Human Services from the amounts appropriated
29 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced
30 federal funding.

31 Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and
32 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy
33 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
34 program to pay for child care in four- or five-star rated facilities for 4 year old children and shall
35 not be used to supplant State funds.

36 Prior to allocating the change in federal fund availability, the proposed allocation
37 must be approved by the Office of State Budget and Management. If the Department adjusts the
38 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
39 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
40 Research Division.

41 **SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal
42 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according
43 to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule
44 is enacted by the General Assembly.

45 **SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or
46 contingency funds and other grants related to existing Block Grants administered by the
47 Department of Health and Human Services that are not specifically addressed in this section shall
48 be approved by the Office of State Budget and Management. The Office of State Budget and
49 Management shall not approve funding for new programs or activities not appropriated in this
50 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and
51 Management shall not approve any reduction of funds designated for subrecipients in subsection

1 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block
2 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget
3 and Management shall consult with the Joint Legislative Oversight Committee on Health and
4 Human Services for review prior to implementing any changes. In consulting, the report shall
5 include an itemized listing of affected programs, including associated changes in budgeted
6 allocations. All changes to the budgeted allocations to the Block Grants shall be reported
7 immediately to the Joint Legislative Oversight Committee on Health and Human Services and
8 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by
9 legislative salary increases and benefit adjustments.

10 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and
11 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
12 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
13 so long as the total allocation for the line items within those Block Grants remains the same.
14

15 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

16 **SECTION 9L.1.(g)** The sum of eighty million ninety-three thousand five hundred
17 sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in
18 this act in TANF funds to the Department of Health and Human Services, Division of Social
19 Services, shall be used for Work First County Block Grants. The Division shall certify these
20 funds in the appropriate State-level services based on prior year actual expenditures. The Division
21 has the authority to realign the authorized budget for these funds among the State-level services
22 based on current year actual expenditures. The Division shall also have the authority to realign
23 appropriated funds from Work First Family Assistance for electing counties to the Work First
24 County Block Grant for electing counties based on current year expenditures so long as the
25 electing counties meet Maintenance of Effort requirements.

26 **SECTION 9L.1.(h)** The sum of ten million eight hundred fifty-nine thousand six
27 hundred forty dollars (\$10,859,640) for the 2021-2022 fiscal year and the sum of ten million
28 seven hundred twenty-eight thousand nine hundred twenty-four dollars (\$10,728,924) for the
29 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services,
30 Division of Social Services, in TANF funds for child welfare improvements shall be allocated to
31 the county departments of social services for hiring or contracting staff to investigate and provide
32 services in Child Protective Services cases; to provide foster care and support services; to recruit,
33 train, license, and support prospective foster and adoptive families; and to provide interstate and
34 post-adoption services for eligible families.

35 Counties shall maintain their level of expenditures in local funds for Child Protective
36 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
37 the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall
38 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

39 **SECTION 9L.1.(i)** The sum of three million four hundred seventy-four thousand
40 one hundred twenty-six dollars (\$3,474,126) for the 2021-2022 fiscal year and the sum of three
41 million three hundred forty-three thousand four hundred ten dollars (\$3,343,410) for the
42 2022-2023 fiscal year appropriated in this act in TANF funds to the Department of Health and
43 Human Services, Special Children Adoption Fund, shall be used in accordance with
44 G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina
45 Association of County Directors of Social Services and representatives of licensed private
46 adoption agencies, shall develop guidelines for the awarding of funds to licensed public and
47 private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster
48 care. Payments received from the Special Children Adoption Fund by participating agencies shall
49 be used exclusively to enhance the adoption services program. No local match shall be required
50 as a condition for receipt of these funds.

1 **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars
2 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
3 Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall
4 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
5 outcomes for families and children involved in child welfare and (ii) enhance the provision of
6 services to families in their homes in the least restrictive setting.

7 **SECTION 9L.1.(k)** Of the three million four hundred fifty thousand dollars
8 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human
9 Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen
10 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each
11 year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care
12 or the juvenile justice system.

13 **SOCIAL SERVICES BLOCK GRANT**

14 **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight
15 hundred forty-nine dollars (\$19,905,849) for each year of the 2021-2023 fiscal biennium and the
16 sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each
17 year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant
18 to the Department of Health and Human Services, Division of Social Services, and the sum of
19 thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each
20 year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block
21 Grant shall be used for county Block Grants. The Division shall certify these funds in the
22 appropriate State-level services based on prior year actual expenditures. The Division has the
23 authority to realign the authorized budget for these funds, as well as State Social Services Block
24 Grant funds, among the State-level services based on current year actual expenditures.

25 **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred
26 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the
27 Department of Health and Human Services, Division of Social Services, for each fiscal year of
28 the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as
29 follows:
30

- 31 (1) Provide a regional training center in southeastern North Carolina.
- 32 (2) Provide training for residential child caring facilities.
- 33 (3) Provide for various other child welfare training initiatives.

34 **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,
35 subject to the approval of the Office of State Budget and Management, to transfer Social Services
36 Block Grant funding allocated for departmental administration between divisions that have
37 received administrative allocations from the Social Services Block Grant.

38 **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special
39 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

40 **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
41 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023
42 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
43 Social Services. The Division shall allocate these funds to local departments of social services to
44 replace the loss of Child Protective Services State funds that are currently used by county
45 governments to pay for Child Protective Services staff at the local level. These funds shall be
46 used to maintain the number of Child Protective Services workers throughout the State. These
47 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
48 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

49 **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand
50 five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium
51 appropriated in this act in the Social Services Block Grant to the Department of Health and

1 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
2 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the
3 provisions of 10A NCAC 71R .0201(3).

4 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand
5 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
6 year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division
7 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds
8 are exempt from the provisions of 10A NCAC 71R .0201(3).

9 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand
10 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2021-2023 fiscal
11 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
12 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used
13 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
14 expend funds allocated in this section to support existing corporate guardianship contracts during
15 the 2021-2022 and 2022-2023 fiscal years.

16 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to
17 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
18 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult
19 Protective Services workers where these funds can be the most effective. These funds shall be
20 used to pay for salaries and related expenses and shall not be used to supplant any other source
21 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
22 match of twenty-five percent (25%).

23 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

24 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to
25 realign appropriated funds between the State-level services Low Income Energy Assistance
26 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative
27 Oversight Committee on Health and Human Services to ensure needs are effectively met without
28 exceeding the total amount appropriated for these State-level service items. Additional
29 emergency contingency funds received may be allocated for Energy Assistance Payments or
30 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight
31 Committee on Health and Human Services. Additional funds received shall be reported to the
32 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
33 Division upon notification of the award. The Department of Health and Human Services shall
34 not allocate funds for any activities, including increasing administration, other than assistance
35 payments, without prior consultation with the Joint Legislative Oversight Committee on Health
36 and Human Services.

37 **SECTION 9L.1.(v)** The sum of forty-nine million five hundred eighty-two thousand
38 seventeen dollars (\$49,582,017) for the 2021-2022 fiscal year and the sum of forty-nine million
39 two hundred fifty-seven thousand six hundred dollars (\$49,257,600) for the 2022-2023 fiscal
40 year appropriated in this act in the Low-Income Energy Assistance Block Grant to the
41 Department of Health and Human Services, Division of Social Services, shall be used for Energy
42 Assistance Payments for the households of (i) elderly persons age 60 and above with income up
43 to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
44 for services funded through the Division of Aging and Adult Services.

45
46 County departments of social services shall submit to the Division of Social Services
47 an outreach plan for targeting households with 60 year old household members no later than
48 August 1 of each year. The outreach plan shall comply with the following:

- 49 (1) Ensure that eligible households are made aware of the available assistance,
50 with particular attention paid to the elderly population age 60 and above and

1 disabled persons receiving services through the Division of Aging and Adult
2 Services.

- 3 (2) Include efforts by the county department of social services to contact other
4 State and local governmental entities and community-based organizations to
5 (i) offer the opportunity to provide outreach and (ii) receive applications for
6 energy assistance.
7 (3) Be approved by the local board of social services or human services board
8 prior to submission.

9 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop
10 and implement a centralized system to collect, track, analyze, monitor, and disseminate
11 performance, outputs, and outcome data for the Community Services Block Grant Program and
12 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace
13 the current software solution, Accountable Results for Community Action (AR4CA). The project
14 shall not proceed until the business case has been approved by the Office of State Budget and
15 Management and the State Chief Information Officer in the Enterprise Project Management
16 Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars
17 (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code
18 24410 for information technology projects for the 2021-2022 fiscal year.
19

20 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

21 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal
22 TANF funds shall comply with all regulations and policies issued by the Division of Child
23 Development and Early Education for the subsidized child care program.

24 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development
25 Fund Block Grant for any program cannot be obligated or spent in that program within the
26 obligation or liquidation periods allowed by the federal grants, the Department may move funds
27 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
28 to use the federal funds fully.
29

30 **MENTAL HEALTH SERVICES BLOCK GRANT**

31 **SECTION 9L.1.(z)** The sum of four million two hundred five thousand three
32 hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of two million
33 six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for the 2022-2023
34 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department
35 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
36 Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom
37 Treatment.
38

39 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

40 **SECTION 9L.1.(aa)** If federal funds are received under the Maternal and Child
41 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
42 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall
43 be transferred to the State Board of Education to be administered by the Department of Public
44 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
45 until marriage education program consistent with G.S. 115C-81.30. The Department of Public
46 Instruction shall carefully and strictly follow federal guidelines in implementing and
47 administering the abstinence education grant funds.

48 **SECTION 9L.1.(bb)** The sum of one million five hundred seventy-five thousand
49 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the
50 Department of Health and Human Services, Division of Public Health, for each year of the
51 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the

1 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the
2 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,
3 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings
4 to the House of Representatives Appropriations Committee on Health and Human Services, the
5 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
6 Division no later than December 31 of each year.

7 **SECTION 9L.1.(cc)** The sum of seventy-three thousand nine hundred twenty dollars
8 (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the
9 Department of Health and Human Services, Division of Public Health, Women and Children's
10 Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant
11 existing State or federal funds. This allocation shall be used for a Public Health Program
12 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
13 Plan and provide staff support for the stakeholder work group.

14 **SECTION 9L.1.(dd)** The sum of one hundred thousand dollars (\$100,000) allocated
15 in this section in the Maternal and Child Health Block Grant to the Department of Health and
16 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for
17 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

18 **SECTION 9L.1.(ee)** No more than fifteen percent (15%) of the funds allocated for
19 the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and
20 Child Health Block Grant shall be used for administrative costs, unless otherwise required by
21 federal law.

22 23 **APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS** 24 **UNDER THE AMERICAN RESCUE PLAN ACT**

25 **SECTION 9L.2.(a)** Of the funds appropriated in this act from federal Low Income
26 Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the
27 Department of Health and Human Services, Division of Social Services, the sum of eighty-six
28 million nine hundred seventy thousand four hundred sixty dollars (\$86,970,460) in nonrecurring
29 funds shall be used for energy assistance in accordance with federal requirements in response to
30 the COVID-19 pandemic.

31 **SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care
32 and Development Block Grant funds received pursuant to ARPA to the Department of Health
33 and Human Services, Division of Child Development and Early Education, the sum of five
34 hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars
35 (\$502,777,789) in nonrecurring funds shall be allocated for the following in response to the
36 COVID-19 pandemic:

- 37 (1) Two hundred seventy-four million dollars (\$274,000,000) of the funds shall
38 be used as follows:
- 39 a. A minimum of two hundred six million dollars (\$206,000,000) but no
40 more than two hundred fifteen million dollars (\$215,000,000) to (i)
41 reduce the waitlist for children eligible for subsidized child care who
42 are in foster care and (ii) after addressing the waitlist under item (i) of
43 this sub-subdivision, work towards reducing the waitlist for children
44 eligible for subsidized child care.
 - 45 b. A minimum of fifty million dollars (\$50,000,000) but no more than
46 fifty-nine million dollars (\$59,000,000) to modernize and improve
47 early childhood technology infrastructure.
- 48 (2) Up to thirty million dollars (\$30,000,000) of the funds shall be used to
49 continue to cover all copays for families eligible for subsidized child care
50 through the end of the 2021 calendar year.

- 1 (3) Up to two hundred seven million seven hundred seventy-seven thousand
2 seven hundred eighty-nine dollars (\$207,777,789) of the funds shall be used
3 to build the supply of qualified child care teachers with staff bonuses and other
4 teacher pipeline programs, including apprenticeship, stackable courses, and
5 fast-track programs. The Division of Child Development and Early Education
6 shall provide staff bonuses under this subdivision based on the number of
7 months the teacher or staff person has worked at the child care facility, with
8 the maximum bonus being provided to a teacher or staff person who has
9 worked at least 12 months at the teacher or staff person's current child care
10 facility.

11 **SECTION 9L.2.(c)** Of the funds appropriated in this act from federal Community
12 Mental Health Services Block Grant funds received pursuant to ARPA to the Department of
13 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
14 Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two
15 hundred forty-six dollars (\$41,535,246) in nonrecurring funds shall be used for mental health
16 services and supports in response to the COVID-19 pandemic.

17 **SECTION 9L.2.(d)** Of the funds appropriated in this act from federal Substance
18 Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the
19 Department of Health and Human Services, Division of Mental Health, Developmental
20 Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty
21 thousand six hundred fifty-one dollars (\$36,420,651) in nonrecurring funds shall be used to
22 provide substance abuse prevention and treatment services across the State to those in need due
23 to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of
24 Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds
25 as follows:

- 26 (1) Ten million six hundred thousand dollars (\$10,600,000) to the Department of
27 Public Safety (DPS) for the following:
- 28 a. Four million six hundred thousand dollars (\$4,600,000) to provide two
29 years of funding to expand the Reentry Medication Assisted Treatment
30 (MAT) pilot program to the other nine minimum security prisons in
31 this State that are designated reentry facilities. DPS shall collaborate
32 with the Division of Mental Health, Developmental Disabilities, and
33 Substance Abuse Services on expansion of the pilot program under
34 this subdivision, as needed.
 - 35 b. Six million dollars (\$6,000,000) to expand the MAT Community
36 Supervision pilot program, a program for individuals recently released
37 from prison and on probation. DPS, in collaboration with the Division
38 of Mental Health, Developmental Disabilities, and Substance Abuse
39 Services, shall select five counties to participate in the expanded pilot
40 program that represent tier one or tier two counties with the highest
41 need. For purposes of this sub-subdivision, tier one and tier two
42 counties shall have the same designations as those established by the
43 North Carolina Department of Commerce's 2021 County Tier
44 Designations.

45 DPS and the Division of Mental Health, Developmental Disabilities, and
46 Substance Abuse Services shall report on the results of both pilot programs
47 described in this subdivision to the Joint Legislative Oversight Committee on
48 Health and Human Services and the Joint Legislative Oversight Committee
49 on Justice and Public Safety by November 1, 2023.

- 1 (2) Two million two hundred thousand dollars (\$2,200,000) to Addiction
 2 Recovery Care Association, Inc., for substance abuse treatment and recovery
 3 services.
- 4 (3) Four million seven hundred thousand dollars (\$4,700,000) to Addiction
 5 Professionals of North Carolina, Inc., (i) to establish a Center for Community
 6 Innovation and Emerging Best Practice in response to the mental and
 7 behavioral health impacts of the COVID-19 crisis and opioid overdose
 8 resurgence and (ii) for dedicated substance abuse prevention, treatment,
 9 recovery, and harm reduction capacity support for students in communities
 10 and on university and college campuses. The Division of Mental Health,
 11 Developmental Disabilities, and Substance Abuse Services shall seek
 12 approval to use these funds for these purposes.
- 13 (4) Fifty-three thousand seven hundred dollars (\$53,700) to AYA House, Inc., a
 14 nonprofit organization, for substance abuse treatment and recovery services.
- 15 (5) Four million one hundred thousand dollars (\$4,100,000) for substance abuse
 16 prevention efforts.
- 17 (6) Seven million six hundred thousand dollars (\$7,600,000) to implement the
 18 Systemic, Therapeutic, Assessment, Resources, and Treatment (START)
 19 model in 10 counties.
- 20 (7) Two million seven hundred thousand dollars (\$2,700,000) for start-up
 21 supports to help substance use disorder providers contract with local
 22 management entities/managed care organizations (LME/MCOs).
- 23 (8) Two million eight hundred thousand dollars (\$2,800,000) to expand the
 24 EMS-based MAT Bridge program from two to 10 counties.
- 25 (9) The balance of any remaining funds for treatment services, including the
 26 purchase of naloxone to assist in overdose treatment.

27 **SECTION 9L.2.(e)** Funds allocated in subdivisions (d)(1) through (d)(9) of this
 28 section are provided as one-time, nonrecurring allocations for the purposes described in that
 29 subsection.
 30

31 **PART X. AGRICULTURE AND CONSUMER SERVICES**

32 **TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES**

33 **SECTION 10.1.** G.S. 143-717(i) reads as rewritten:

34 "(i) Limit on Operating and Administrative Expenses. – All administrative expenses of
 35 the Commission shall be paid from the Fund. No more than ~~three hundred fifty thousand dollars~~
 36 ~~(\$350,000)~~ three hundred seventy-five thousand dollars (\$375,000) may be used each fiscal year
 37 for administrative and operating expenses of the Commission and its staff, provided that the
 38 Commission may annually adjust the administrative expense cap imposed by this subsection, so
 39 long as that any cap increase does not exceed the amount necessary to provide for statewide
 40 salary and benefit adjustments enacted by the General Assembly."
 41
 42

43 **FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE**

44 **SECTION 10.2.(a)** G.S. 106-420 reads as rewritten:

45 **"§ 106-420. Authority of Board of Agriculture to adopt regulations.**

46 The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement
 47 and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant
 48 pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from
 49 outside the State to points within the State. The Board of Agriculture shall adopt regulations for
 50 eradicating such plant pests as it may deem capable of being economically eradicated, for
 51 repressing such as cannot be economically eradicated, and for preventing their spread within the

1 State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations
 2 for preventing the introduction of dangerous plant pests from without the State, and for governing
 3 common carriers in transporting plants, articles or things liable to harbor such pests into, from
 4 and within the State. The Board is authorized, in order to control plant pests, to adopt regulations
 5 governing the inspection, certification and movement of nursery stock, (i) into the State from
 6 outside the State, (ii) within the State, and (iii) from within the State to points outside the State.
 7 The Board is further authorized to prescribe and collect a schedule of fees to be collected for its
 8 nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection,
 9 phytosanitary certification, and plant pest certification activities."

10 **SECTION 10.2.(b)** G.S. 150B-1(d) reads as rewritten:

11 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
 12 following:

13 ...

14 (26) The Board of Agriculture in the Department of Agriculture and Consumer
 15 Services with respect to the following:

16 ...

17 d. Fees for State phytosanitary certificates.

18"

20 HEMLOCK RESTORATION REPORT

21 **SECTION 10.3.** The North Carolina Forest Service shall report on the hemlock
 22 restoration initiatives funded by this act. The report shall include the following with respect to
 23 each hemlock restoration initiative funded during the 2021-2023 fiscal biennium:

24 (1) Identification of goals and outcomes for the initiative.

25 (2) A description of the measures used or data collected to evaluate the efficiency
 26 and effectiveness of the initiative in reaching its desired goals and outcomes.

27 (3) The performance of each initiative with respect to the identified goals and
 28 outcomes.

29 The Forest Service shall provide its report to the chairs of the Joint Legislative
 30 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
 31 Research Division no later than October 1 following the completion of each fiscal year in the
 32 2021-2023 fiscal biennium.

34 TIMBER SALES/RETENTION AND USE OF PROCEEDS

35 **SECTION 10.4.(a)** G.S. 146-30(d)(6) reads as rewritten:

36 "(6) The following provisions apply with respect to land owned by or under the
 37 supervision and control of the Department of Agriculture and Consumer
 38 Services:

39 a. ~~The net proceeds derived from the sale of land or timber from land~~
 40 ~~owned by or under the supervision and control of the Department of~~
 41 ~~Agriculture and Consumer Services shall be deposited with the State~~
 42 ~~Treasurer in a capital improvement account to the credit of the~~
 43 ~~Department of Agriculture and Consumer Services, to be used for such~~
 44 ~~specific capital improvement projects or other purposes as are~~
 45 ~~provided by transfer of funds from those accounts in the Capital~~
 46 ~~Improvement Appropriations Act, an act of the General Assembly.~~

47 b. The net proceeds derived from the sale of timber and other products of
 48 land shall be deposited in accounts at the Department of Agriculture
 49 and Consumer Services to be used for operational expenses of the
 50 Department incurred for restoration and stewardship of the land."

51 **SECTION 10.4.(b)** G.S. 106-6.3 reads as rewritten:

1 **"§ 106-6.3. Create special revenue fund for research stations.**

2 The Research Stations Fund is established as a special revenue fund within the Department
3 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of
4 receipts from the sale of timber and other commodities produced on the Department's research
5 stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund
6 appropriations shall be credited to this Fund. Any balance exceeding one million dollars
7 (\$1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The
8 Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise
9 invest in research stations operated by the Department's Research Stations Division."

10
11 **GO GLOBAL NC PROGRAM**

12 **SECTION 10.5.** Funds appropriated in this act to the Department of Agriculture and
13 Consumer Services for international marketing may be used by the Department to rebrand the
14 Department's international marketing section as Go Global NC.

15
16 **AGRICULTURAL MARKETING FACILITIES SPECIAL FUND**

17 **SECTION 10.5A.** Article 1 of Chapter 106 of the General Statutes is amended by
18 adding a new section to read:

19 **"§ 106-6.4. Create special revenue fund for certain facilities.**

20 The Agricultural Marketing Facilities Fund is established as a special revenue fund within
21 the Department of Agriculture and Consumer Services, Marketing Division. This Fund shall
22 consist of receipts from the lease or rental of property or facilities, admissions, fees, and any
23 gifts, bequests, or grants collected at the Department's farmers markets and agricultural centers.
24 The Department shall use this Fund to develop, improve, repair, maintain, operate, expand, or
25 otherwise invest in the Department's farmers markets and agricultural centers."

26
27 **ANIMAL SHELTER SUPPORT FUND AMENDMENTS**

28 **SECTION 10.5B.** Article 5A of Chapter 19A of the General Statutes reads as
29 rewritten:

30 "Article 5A.

31 "Animal Shelter Support Fund.

32 **"§ 19A-67. Animal Shelter Support Fund.**

33 (a) Creation. – The Animal Shelter Support Fund is established as a special fund in the
34 Department of Agriculture and Consumer Services. The Fund consists of appropriations by the
35 General Assembly or contributions and grants from public or private sources.

36 (b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of
37 Agriculture and Consumer Services to ~~reimburse~~ provide grants to local governments for
38 expenses related to their operation of a registered animal shelter due to any of the following:

39 (1) The denial, suspension, or revocation of the shelter's ~~registration~~ registration,
40 or compliance with new or newly applicable requirements for maintenance of
41 registration.

42 (2) An unforeseen catastrophic disaster at an animal shelter.

43 (c) Rules. – The Board of Agriculture shall issue rules detailing eligible expenses and
44 application guidelines that comply with the requirements of this Article.

45 (d) ~~Reversion.~~ ~~Any appropriated and unencumbered funds remaining at the end of each~~
46 ~~fiscal year in excess of two hundred fifty thousand dollars (\$250,000) shall revert to the General~~
47 ~~Fund.~~

48 **"§ 19A-68. ~~Distributions~~ Grants to counties and cities from Animal Shelter Support Fund.**

49 (a) ~~Reimbursable~~ Eligible Costs. – ~~Local~~ Except as otherwise provided in this subsection,
50 governments eligible for distributions from the Animal Shelter Support Fund may receive
51 ~~reimbursement~~ funding only for the direct operational costs of the animal shelter following an

1 event described in G.S. 19A-67(b). For purposes of this subsection, direct operational costs shall
 2 include veterinary services, sanitation services and needs, animal sustenance and supplies, and
 3 temporary housing and sheltering. Counties and cities shall not ~~be reimbursed~~ receive funding
 4 for administrative costs or capital expenditures for facilities and ~~equipment~~ equipment, unless
 5 those costs are required in order to restore or maintain a shelter's registration.

6 ~~(b) Cost Share.—A local government requesting distributions from the Animal Shelter~~
 7 ~~Support Fund must provide a local match based on their most recent development tier designation~~
 8 ~~as defined in G.S. 143B-437.08. Local governments located in development tier one counties~~
 9 ~~must provide a match equivalent to one dollar (\$1.00) for every three dollars (\$3.00) distributed~~
 10 ~~from the Fund. Local governments located in development tier two counties must provide a~~
 11 ~~match equivalent to one dollar (\$1.00) for every two dollars (\$2.00) distributed from the Fund.~~
 12 ~~Local governments located in development tier three counties must provide a match equivalent~~
 13 ~~to one dollar (\$1.00) for every one dollar (\$1.00) distributed from the Fund.~~

14 ~~(c) Application. — A county or city eligible for reimbursement~~ a grant from the Animal
 15 Shelter Support Fund shall apply to the Department of Agriculture and Consumer ~~Services within~~
 16 ~~60 days of when the reimbursable cost has been incurred.~~ Services. The application shall be
 17 submitted in the form required by the Department and shall include an itemized listing of the
 18 costs for which ~~reimbursement~~ funding is sought.

19 ~~(d) Distribution.—The Department shall make payments from the Animal Shelter~~
 20 ~~Support Fund to eligible counties and cities that have made timely application for reimbursement~~
 21 ~~within 30 days of receipt of requests.~~

22 ~~(e) Limitation. — Grants from the Animal Shelter Support Fund are limited to fifty~~
 23 ~~thousand dollars (\$50,000) per grantee in any fiscal year.~~

24"

25 **DUPONT STATE RECREATIONAL FOREST FUNDS**

26 **SECTION 10.5C.(a)** Nonrecurring funds appropriated in this act to the Department
 27 of Agriculture and Consumer Services for creation and implementation of a master recreational
 28 facility plan for the DuPont State Recreational Forest (Forest) shall be allocated as follows:

- 29 (1) One hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year for
 30 the creation of a master recreational facility plan that includes a network of
 31 recreational trails within the Forest, including new trail segments and
 32 improvements or extensions of existing trails.
- 33 (2) One hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year and
 34 five hundred fifty thousand dollars (\$550,000) for the 2022-2023 fiscal year
 35 for the implementation of the facility plan, including engineering, design, and
 36 construction activities for new and existing trails, trail support facilities, and
 37 recreational facilities. Of these funds, the Department may use no more than
 38 two hundred twenty-five thousand dollars (\$225,000) for the planning, design,
 39 and construction of a trail spur connecting the Forest to the French Broad
 40 River Paddle Trail and the Mountains-to-Sea Trail.

41 **SECTION 10.5C.(b)** The Department shall enter into a Memorandum of
 42 Understanding (MOU) with at least one nonprofit partner organization to implement and
 43 maintain the trails funded in subsection (a) of this section.
 44

45 **OVERSIGHT COMMITTEE STUDY OF DACS FEES**

46 **SECTION 10.5D.** The Joint Legislative Oversight Committee on Agriculture and
 47 Natural and Economic Resources shall study the existing fee structure for permitting,
 48 compliance, and oversight services performed by the Department of Agriculture and Consumer
 49 Services with the goal of identifying areas where fee income does not adequately support the
 50 services provided. The Committee shall identify, with respect to each service identified as having
 51

1 an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred
2 by the Department of Agriculture and Consumer Services in performing the service, and, if
3 applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall
4 provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.
5

6 **FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS**

7 **SECTION 10.6.** Funds appropriated in this act from the State Fiscal Recovery Fund
8 to the Department of Agriculture and Consumer Services for support of North Carolina food
9 banks shall be allocated as follows:

- 10 (1) Forty million dollars (\$40,000,000) to distribute to North Carolina food banks.
11 These funds may be used for the purchase and distribution of food,
12 infrastructure and equipment, capacity-building for the food banks and their
13 partner agencies, benefits counseling, partnerships with community
14 workforce development organizations, and any other use consistent with the
15 rules implementing the State Fiscal Recovery Fund.
- 16 (2) Five million dollars (\$5,000,000) to Reinvestment Partners, a nonprofit
17 organization, for its Produce Prescription Program, which provides a monthly
18 forty dollar (\$40.00) per household benefit for each eligible Food and
19 Nutrition Services recipient enrolled by the recipient's health care provider, to
20 serve individuals impacted by the COVID-19 emergency. Individuals
21 receiving assistance pursuant to this subdivision are limited to three months
22 of food assistance.
23

24 **MEAT AND SEAFOOD PROCESSING GRANTS**

25 **SECTION 10.7.(a)** Findings. – The General Assembly finds that the COVID-19
26 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and
27 revealed bottlenecks and lack of capacity among the small and independent meat processors who
28 serve small livestock producers. These bottlenecks and lack of capacity have a substantial
29 negative impact on the ability of these small livestock producers to have their livestock
30 slaughtered and processed. In addition, seafood processors lack capacity to meet increased and
31 altered consumer demand for seafood products due to supply chain disruptions and other
32 long-term changes in the market for seafood and seafood products. The General Assembly further
33 finds that financial assistance to these processors for expansion, facility improvements, and
34 workforce development is necessary to reduce disruptions in the supply chain for fresh meat and
35 seafood and to help small producers get their products to market.

36 **SECTION 10.7.(b)** Use of Funds and Limitation. – The funds appropriated in this
37 act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services
38 for grants to meat and seafood processors shall be used to provide grants as specified in this
39 section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve
40 the resiliency of the fresh meat and seafood supply chain to future disruptions. The following
41 limitations and reservations apply:

- 42 (1) No more than thirty-five percent (35%) of the funds allocated in this section
43 may be used for grants to seafood processors.
- 44 (2) No more than two million dollars (\$2,000,000) of the funds allocated in this
45 section may be used to supplement grants previously awarded to reflect
46 construction cost inflation.

47 **SECTION 10.7.(c)** Grant Types and Criteria. – The Department shall develop
48 policies and procedures for the disbursement of the grants authorized by this section that include,
49 at a minimum, the following:

- 50 (1) The Department may provide three categories of grants:

- 1 a. Capacity enhancement grant. – This grant is available to an eligible
2 meat or seafood processing facility that is experiencing slowdowns in
3 production or has limited capacity to accommodate increased demand
4 for meat or seafood processing. A capacity enhancement grant may be
5 used for expansion of an existing eligible facility and for fixtures or
6 equipment at an existing eligible facility that will expand animal
7 throughput, processing capacity, the amount or type of products
8 produced, or processing speed. A grant under this sub-subdivision may
9 not exceed five hundred thousand dollars (\$500,000).
- 10 b. Workforce development grant. – This grant is available to an eligible
11 meat or seafood processing facility that is experiencing slowdowns in
12 production or has limited capacity to accommodate increased demand
13 for meat or seafood processing due to workforce limitations or
14 reductions due to a pandemic or other natural disaster. A workforce
15 development grant may be used for educational and workforce training
16 provided either by the facility or by an accredited institution of higher
17 education. A grant under this sub-subdivision may not exceed one
18 hundred thousand dollars (\$100,000).
- 19 c. Planning grant. – This grant is available to a nonprofit entity or
20 institution of higher education to complete feasibility or siting studies
21 for a new eligible meat processing facility. No more than five percent
22 (5%) of funds allocated by this section may be used for grants under
23 this sub-subdivision.
- 24 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood
25 processing facility is a food processing facility that meets both of the
26 following requirements:
- 27 a. The plant contracts with independent livestock producers or seafood
28 harvesters to process animals or seafood.
- 29 b. The United States Department of Agriculture (USDA) contracts with
30 Department inspectors to conduct federal inspection activities
31 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at
32 the plant, the plant is otherwise regulated by the USDA or the United
33 States Food and Drug Administration, or the plant is a State-inspected
34 facility.
- 35 (3) Prioritization. – The Department may prioritize projects that will create
36 additional jobs.
- 37 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under this
38 section in the amount of one dollar (\$1.00) from nongrant sources for every
39 two dollars (\$2.00) provided by the grant.
- 40 (5) Clawback. – If fixtures or equipment purchased with grant funds provided
41 under this Article are disposed of during a period of time as the Department
42 may specify following the date the fixtures or equipment funded by this act
43 are placed in service, the grant recipient shall repay to the Department a
44 proportionate share of the grant funding received as the Department may
45 specify. As used in this subdivision, the term "disposed of" means disposed
46 of, taken out of service, or moved out of State.

47 **SWINE AND DAIRY ASSISTANCE PROGRAM**

48 **SECTION 10.8.(a)** The General Assembly makes the following findings:

- 49 (1) The impact of COVID-19 on the global supply chain has been widespread
50 across industries, especially within our country's food supply chain.
51

- 1 (2) Due to COVID-19, at least two swine integrators ended operations resulting
2 in the loss of contracts and income for many family farmers. Dairy producers
3 and processors in the State lost more than half of their market with COVID-19
4 related shutdowns of the school systems and food service industries, and these
5 markets may never fully recover.
- 6 (3) Significant numbers of swine farms have lost contracts, and dairies have been
7 forced out of business due to the COVID-19 pandemic.
- 8 (4) The continuous and future pressures on the food supply chain will remain an
9 issue for North Carolina's number one industry, agriculture, as a result of
10 COVID-19.
- 11 (5) The most effective program for administration of financial assistance to the
12 swine and dairy industries is a three-fold approach based on verifiable
13 documentation from producers as specified in this section.

14 **SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from
15 the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for
16 emergency support of swine and dairy producers shall be allocated by the Department to provide
17 financial assistance as specified in subsection (e) of this section to compensate eligible swine and
18 dairy producers for losses incurred as a result of termination of contracts or ceased production
19 due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the
20 rules implementing the Coronavirus State Fiscal Recovery Fund established under the American
21 Rescue Plan Act.

22 **SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this
23 section:

- 24 (1) Dairy producer. – A Grade A milk producer who can demonstrate to the
25 satisfaction of the Department that the producer is or was in compliance with
26 federal Grade A milk regulations during the time period specified in
27 sub-subdivision (2)a. of subsection (d) of this section.
- 28 (2) Department. – The Department of Agriculture and Consumer Services.
- 29 (3) Swine integrator. – A person, other than a grower, who provides 250 or more
30 animals to a swine farm and who either has an ownership interest in the
31 animals or otherwise establishes management and production standards for
32 the permit holder for the maintenance, care, and raising of the animals. An
33 ownership interest includes a right or option to purchase the animals.
- 34 (4) Swine producer. – A person who holds or held a permit for an animal waste
35 management system under Part 1A of Article 21 of Chapter 143 of the General
36 Statutes during the time period specified in sub-subdivision (1)a. of subsection
37 (d) of this section.

38 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must
39 provide to the Department the following information in order to demonstrate the producer's
40 eligibility for financial assistance pursuant to this section:

- 41 (1) For swine producers, all of the following:
42 a. A contract termination letter from a swine integrator or other
43 documentation of contract termination between March 1, 2020, and
44 June 30, 2022.
45 b. Proof that the swine operation is permitted by the State.
46 c. Any other information deemed appropriate by the Department.
- 47 (2) For dairy producers, all of the following:
48 a. Milk production records, showing ceased production during any time
49 between March 1, 2020, and June 30, 2022.
50 b. Proof that the dairy operation was permitted as a Grade A milk
51 producer by the Food and Drug Protection Division of the Department

1 during the time that production was ceased as documented under
2 sub-subdivision a. of this subdivision.

3 c. Any other information deemed appropriate by the Department.

4 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award
5 financial assistance based on the following procedures:

6 (1) The Department shall award a one-time financial assistance relief payment of
7 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.

8 (2) In addition to the financial assistance awarded under subdivision (1) of this
9 subsection, the Department shall award either, but not both, of the following
10 to a qualifying eligible applicant:

11 a. Financial assistance to be administered as follows:

12 1. A cost share for closure of swine lagoons for swine operations
13 that will not secure a contract with another swine integrator and
14 will cease swine production, or for closure of dairy waste
15 structures associated with dairy operations that will cease milk
16 production. These cost shares shall be limited to ninety percent
17 (90%) of the lagoon closure cost, not to exceed one hundred
18 thousand dollars (\$100,000) per operation.

19 2. If an applicant who receives a cost share pursuant to this
20 sub-subdivision demonstrates a need for additional water
21 supply for agricultural uses, then the applicant may request an
22 additional cost share to convert the decommissioned lagoon to
23 an agricultural water supply pond. These cost shares shall be
24 limited to ninety percent (90%) of the actual cost, not to exceed
25 thirty thousand dollars (\$30,000) per operation.

26 b. Financial assistance to swine producers for a fixed dollar amount per
27 head space for producers who are able to secure a production contract
28 with another swine integrator but must invest in upgrades to existing
29 barns or completely rebuild animal housing. The maximum award
30 under this sub-subdivision for renovations shall be ten dollars (\$10.00)
31 per head space for renovation to animal housing or twenty dollars
32 (\$20.00) per head space for rebuilt animal housing, but no award under
33 this sub-subdivision may exceed ninety percent (90%) of the actual
34 cost of the renovation or construction. A swine producer shall produce
35 documentation of a new contract or letter of intent with a swine
36 integrator to establish eligibility for this financial assistance.

37 c. The financial assistance provided under sub-subdivision b. of this
38 subdivision is available to the purchaser of a swine operation, provided
39 that the seller otherwise meets the eligibility requirements of this
40 section on the date of the sale.

41 (3) In determining the amount of financial assistance awarded to applicants
42 pursuant to this section and in reviewing and approving funded activities, the
43 Department shall comply with applicable federal rules and guidance
44 governing the State Fiscal Recovery Fund. If the Department determines that
45 a person who received financial assistance provided inaccurate information to
46 the Department, then the recipient shall refund the entire amount of the
47 financial assistance. If the recipient does not refund the appropriate amount,
48 the North Carolina Department of Revenue shall utilize the provisions of
49 G.S. 105-242 to collect the money from the recipient.

- (4) Applicants for financial assistance awarded pursuant to this subsection shall submit the eligibility documents required by subsection (d) of this section no later than June 30, 2023.
- (5) All swine or dairy producers who receive financial assistance pursuant to this section shall provide a signed affidavit, under penalty of perjury, certifying that each fact of the loss presented by the producer is accurate.
- (6) The Department may audit the financial and other records of each recipient of funds in order to ensure that the funds are used in accordance with the provisions of this program. The Department may require any documentation or proof it deems necessary to efficiently administer this program, including the ownership structure of each entity and the social security numbers of each applicant. The Department may require the submission of dated, signed, and continuous records.

SECTION 10.8.(f) Administrative Costs. – The Department may use up to five percent (5%) of the total funds allocated in this section for technical and administrative support.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2022, and June 30, 2023, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1. State Administration	\$1,560,286
2. Neighborhood Revitalization	15,419,796
3. Economic Development	21,696,109
4. Infrastructure	5,000,000
5. Rural Community Development	5,000,000

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2020 Program Year	\$48,676,191
2021 Program Year	\$48,676,191

SECTION 11.1.(b) If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

- 1 (1) If a reallocation is required because of an emergency that poses an imminent
2 threat to public health or public safety, then the Director of the Budget may
3 authorize the reallocation without consulting the Commission. The
4 Department of Commerce shall report to the Commission on the reallocation
5 no later than 30 days after it was authorized and shall identify in the report the
6 emergency, the type of action taken, and how it was related to the emergency.
- 7 (2) If the State will lose federal block grant funds or receive less federal block
8 grant funds in the next fiscal year unless a reallocation is made, then the
9 Department of Commerce shall provide a written report to the Commission
10 on the proposed reallocation and shall identify the reason that failure to take
11 action will result in the loss of federal funds. If the Commission does not hear
12 the issue within 30 days of receipt of the report, the Department may take the
13 action without consulting the Commission.

14 **SECTION 11.1.(e)** By September 1, 2021, and September 1, 2022, the Department
15 of Commerce shall report to the chairs of the House of Representatives Appropriations
16 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate
17 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint
18 Legislative Economic Development and Global Engagement Oversight Committee; and the
19 Fiscal Research Division on the use of Community Development Block Grant Funds
20 appropriated in the prior fiscal year. The report shall include the following:

- 21 (1) A discussion of each of the categories of funding, including information on
22 the statewide need in each category.
- 23 (2) Information on the number of applications that were received in each category
24 and the total dollar amount requested in each category.
- 25 (3) A list of grantees, including the grantee's name, county, category under which
26 the grant was funded, the amount awarded, and a narrative description of the
27 project.

28 **SECTION 11.1.(f)** Funds allocated to the Economic Development Category in
29 subsection (a) of this section shall be made available as grants for eligible activities listed in this
30 subsection. The funds available for grants under this Category may be used for all of the
31 following, subject to the national objectives and eligible activities allowed under guidance issued
32 by the United States Department of Housing and Urban Development:

- 33 (1) Acquisition of real property.
- 34 (2) Demolition and rehabilitation of buildings and improvements.
- 35 (3) Removal of material and architectural barriers.
- 36 (4) Public improvements, including parks, streets, sidewalks, and water and sewer
37 lines.
- 38 (5) Loans and grants to public or private nonprofit entities for construction and
39 rehabilitation activities.
- 40 (6) Assistance to private, for-profit entities for economic development.
- 41 (7) Technical assistance to public or nonprofit entities for neighborhood
42 revitalization or economic development activities.
- 43 (8) Assistance to for-profit and nonprofit entities to facilitate economic
44 development activities.

45 **SECTION 11.1.(g)** Funds allocated to the Neighborhood Revitalization Category in
46 subsection (a) of this section shall be made available as grants for eligible activities listed in this
47 subsection. The funds available for grants under this Category may be used for all of the
48 following, subject to the national objectives and eligible activities allowed under guidance issued
49 by the United States Department of Housing and Urban Development:

- 50 (1) Essential repairs to prevent abandonment and deterioration of housing in
51 low- and moderate-income neighborhoods.

- 1 (2) Demolition and rehabilitation of buildings and improvements.
- 2 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
- 3 lines.

4 **SECTION 11.1.(h)** Funds allocated for the Rural Community Development
5 Category in subsection (a) of this section shall be made available as grants for eligible activities
6 listed in this subsection. These funds shall provide grants that support community development
7 and comprehensive growth projects to be awarded by the North Carolina Department of
8 Commerce. The Rural Community Development Category will provide grants to units of local
9 government in development tier one and development tier two areas, as defined in
10 G.S. 143B-437.08, and rural census tracts, as defined in G.S. 143B-472.127(a)(2), of
11 development tier three areas to support projects that promote broad-based community
12 development activities, increased local investment and economic growth, and stronger and more
13 viable rural neighborhoods. In awarding grants under this section, preference shall be given to
14 projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for
15 grants under this category may be used for all of the following, subject to the national objectives
16 and eligible activities allowed under guidance issued by the United States Department of Housing
17 and Urban Development:

- 18 (1) Essential repairs to prevent abandonment and deterioration of housing in
- 19 low- and moderate-income neighborhoods.
- 20 (2) Public improvements, including parks, streets, sidewalks, and water and sewer
- 21 lines.
- 22 (3) Public facilities, including neighborhood and community facilities and
- 23 facilities for individuals with special needs.
- 24 (4) Public services, including employment, crime prevention, and energy
- 25 conservation.
- 26 (5) Assistance to private, for-profit entities for economic development.
- 27 (6) Technical assistance to public or nonprofit entities for neighborhood
- 28 revitalization or economic development activities.
- 29 (7) Assistance to for-profit and nonprofit entities to facilitate economic
- 30 development activities.

31 **SECTION 11.1.(i)** For purposes of this section, eligible activities under the category
32 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State
33 Administered Community Development Block Grant definition of the term "infrastructure."
34 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the
35 Infrastructure Category in subsection (a) of this section shall not be reallocated to any other
36 category.

37 **SECTION 11.1.(j)** Throughout each year, deobligated funds arise in the various
38 funding categories and program years of the Community Development Block Grant (CDBG)
39 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)
40 projects being required to repay funds. Surplus federal administrative funds in the CDBG
41 program may vary from year to year based upon the amount of State-appropriated funds allocated
42 and the amount of eligible in-kind funds identified.

43 **SECTION 11.1.(k)** To allow the Department of Commerce and the Department of
44 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as
45 they are identified throughout the program year, the following shall apply to the use of
46 deobligated CDBG funds and surplus federal administrative funds:

- 47 (1) All surplus federal administrative funds shall be divided equally between the
- 48 Departments of Commerce and Environmental Quality and shall be used as
- 49 provided in subdivisions (2) and (3) of this subsection.

- 1 (2) All deobligated funds allocated to the Department of Commerce and any
2 surplus federal administrative funds, as provided for in subdivision (1) of this
3 subsection, may be used by the Department for all of the following:
4 a. To issue grants in the CDBG Economic Development or
5 Neighborhood Revitalization Program Category.
6 b. For providing training and guidance to local governments relative to
7 the CDBG program, its management, and administrative requirements.
8 c. For any other purpose consistent with the Department's administration
9 of the CDBG program if an equal amount of State matching funds is
10 available.
- 11 (3) All deobligated funds allocated to the Department of Environmental Quality
12 and any surplus federal administrative funds, as provided for in subdivision
13 (1) of this subsection, may be used by the Department for all of the following:
14 a. To issue grants in the CDBG infrastructure program category.
15 b. For any other purpose consistent with the Department's administration
16 of the CDBG program if an equal amount of State matching funds is
17 available.
18

19 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

20 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the
21 following for each year that State funds are expended:

- 22 (1) By September 1 of each year, and more frequently as requested, report to the
23 chairs of the Joint Legislative Oversight Committee on Agriculture and
24 Natural and Economic Resources; the chairs of the House of Representatives
25 Appropriations Committee on Agriculture and Natural and Economic
26 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
27 Natural, and Economic Resources; and the Fiscal Research Division on prior
28 State fiscal year program activities, objectives, and accomplishments and prior
29 State fiscal year itemized expenditures and fund sources. If State funds are
30 used to provide matching funds for competitive grants from the federal
31 government or a nongovernmental entity, the report should include a list and
32 description of the grants that are awarded.
- 33 (2) Provide to the chairs of the Joint Legislative Oversight Committee on
34 Agriculture and Natural and Economic Resources; the chairs of the House of
35 Representatives Appropriations Committee on Agriculture and Natural and
36 Economic Resources; the chairs of the Senate Appropriations Committee on
37 Agriculture, Natural, and Economic Resources; and the Fiscal Research
38 Division a copy of the entity's annual audited financial statement within 30
39 days of issuance of the statement.

40 **SECTION 11.2.(b)** The following entities shall comply with the requirements of
41 subsection (a) of this section:

- 42 (1) North Carolina Biotechnology Center.
43 (2) High Point Market Authority.
44 (3) RTI International.
45

46 **NC BIOTECHNOLOGY CENTER**

47 **SECTION 11.3.(a)** Recurring funds appropriated in this act to the Department of
48 Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the
49 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

- 50 (1) Job creation: AgBiotech Initiative, economic and industrial development, and
51 related activities: twenty-one percent (21%) of the funding.

- 1 (2) Science and commercialization: science and technology development, Centers
2 of Innovation, business and technology development, education and training,
3 and related activities: sixty-five percent (65%) of the funding.
4 (3) Center operations: administration, professional and technical assistance and
5 oversight, corporate communications, human resource management, financial
6 and grant administration, legal, and accounting: fourteen percent (14%) of the
7 funding.

8 **SECTION 11.3.(b)** The nonrecurring funds appropriated in this act to the
9 Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be
10 used for the following purposes:

- 11 (1) Expand the NC BIONEER Venture Challenge start-up competition statewide.
12 (2) Expand NCBiotech grant and loan program funding.
13 (3) Train new workers statewide to meet biomanufacturing job growth.
14 (4) Recruit new life sciences companies to the State.
15 (5) Five hundred thousand dollars (\$500,000) of the nonrecurring funds in each
16 fiscal year of the biennium shall be used to support funding for early stage
17 loans to North Carolina agricultural technology companies.

18 **SECTION 11.3.(c)** The Center shall not use any of the nonrecurring funds allocated
19 in subsection (b) of this section for administrative costs and shall report on the expenditure of
20 those funds each year pursuant to Section 11.2 of this act.

21 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over
22 funding and distribution of grants.

23 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in
24 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this
25 section if, in the judgment of Center management, the reallocation will advance the mission of
26 the Center.

27 **STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS**

28 **SECTION 11.5.** Of the funds appropriated in this act from the State Small Business
29 Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of
30 one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars
31 (\$120,461,927) in nonrecurring funds shall be used to provide a grant to the North Carolina Rural
32 Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business
33 Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.
34
35

36 **MODIFY FILM GRANT**

37 **SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

38 **"§ 143B-437.02A. The Film and Entertainment Grant Fund.**

39 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a
40 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide
41 funds to encourage the production of motion pictures, television shows, movies for television,
42 productions intended for on-line distribution, and commercials and to develop the filmmaking
43 industry within the State. The Department of Commerce shall adopt guidelines providing for the
44 administration of the program. Those guidelines may provide for the Secretary to award the grant
45 proceeds over a period of time, not to exceed three years. Those guidelines shall include the
46 following provisions, which shall apply to each grant from the account:

- 47 (1) The funds are reserved for a production on which the production company has
48 qualifying expenses of at least the following:
49 a. For a feature-length film:
50 1. ~~Three million dollars (\$3,000,000),~~ One million five hundred
51 thousand dollars (\$1,500,000), if for theatrical viewing.

"(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of ~~one two hundred thousand dollars (\$100,000)~~–(\$200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A business may receive only one grant under this section per year.~~ A business may receive only one grant under this section with respect to each federal proposal ~~submission~~–award. Over its lifetime, a business may receive a maximum of ~~five~~–10 awards under this section. An award to a business partnered with a public institution of higher education in this State does not count toward the maximum award limitation provided in this section."

TIER THREE ONE NC ALLOTMENT

SECTION 11.8.(a) G.S. 143B-437.71 reads as rewritten:

"§ 143B-437.71. One North Carolina Fund established as a special revenue fund.

(a) Establishment. – The One North Carolina Fund is established as a special revenue fund in the Department of Commerce.

(b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant to this subsection. Moneys may be allocated to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses and to the One North Carolina Small Business Account created pursuant to subsection (c) of this section in an amount not to exceed three million dollars (\$3,000,000). Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

- (1) Installation or purchase of equipment.
- (2) Structural repairs, improvements, or renovations to existing buildings to be used for expansion.
- (3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.
- (4) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations.
- (5) Any other purposes specifically provided by an act of the General Assembly.

(b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal ~~biennium~~–year may not exceed ~~twenty eight~~–seventeen million dollars ~~(\$28,000,000)~~–(\$17,000,000). Of the amount authorized in this subsection, three million dollars (\$3,000,000) is reserved for agreements with local governments located in development tier three areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data specified in G.S. 143B-437.52(c)(3).

(c) There is created in the One North Carolina Fund a special account, the One North Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I of Article 10 of Chapter 143B of the General Statutes."

SECTION 11.8.(b) This section becomes effective July 1, 2021.

RURAL READY SITES REPORT CHANGE

SECTION 11.9. Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

"SECTION 15.7A.(d) Report. – The Department of Commerce shall submit a report detailing its use of State funds appropriated by this section. The report shall be submitted to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the Joint Legislative Economic Development and Global Engagement

1 Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture
2 and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture,
3 Natural, and Economic Resources, and the Fiscal Research Division by September 1, 2017, 2021,
4 and by September 1 of each subsequent year ~~State funds are received, and more frequently as~~
5 requested, until all funding appropriated by this section is expended and eligible projects are
6 completed. The Department shall report on each existing eligible project, including any new
7 agreements entered into and the amount of funds utilized or encumbered for each. The report
8 shall include the information required by this section for the most recently ended fiscal year. The
9 report shall include all of the following:

10 (1) For projects that are not completed:

- 11 a. The name of the project.
12 b. Total amount of funds awarded for each project.
13 c. Amount expended to date for each project.
14 d. A summary and description of each project.
15 e. An expected date of completion for each project.
16 f. An anticipated number of jobs created by each project.
17 g. The current status of the project, including any issues resulting in a
18 delay.

19 (2) For projects that are completed:

- 20 a. Whether the site of the project is occupied.
21 b. How many jobs were created by the project."
22

23 **EDPNC MARKETING FUNDS**

24 **SECTION 11.11.** Of the funds appropriated in this act to the Department of
25 Commerce for the nonprofit corporation with which the Department contracts pursuant to
26 G.S. 143B-431.01(b), the sum of sixty million dollars (\$60,000,000) shall be used for the
27 following purposes in the following amounts:

- 28 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing in the
29 State.
30 (2) Thirty million dollars (\$30,000,000) for business marketing in the State.

31 Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit
32 corporation shall use no more than ten million dollars (\$10,000,000) for each purpose in each of
33 the next three fiscal years.
34

35 **NORTH CAROLINA RURAL TOURISM RECOVERY PILOT PROGRAM**

36 **SECTION 11.11A.(a)** Allocation. – Of the funds appropriated from the State Fiscal
37 Recovery Fund to the Department of Commerce (Department) in this act, the sum of one million
38 five hundred thousand dollars (\$1,500,000) shall be allocated to the North Carolina nonprofit
39 corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the
40 establishment of a pilot program in accordance with this section. The funds allocated in this
41 section shall be used as follows:

- 42 (1) One million two hundred eighty-five thousand dollars (\$1,285,000) for
43 marketing expenses.
44 (2) Seventy-five thousand dollars (\$75,000) for administrative costs.
45 (3) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent
46 position in Visit NC.
47 (4) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent
48 position in the nonprofit corporation with which the Department contracts
49 pursuant to G.S. 143B-431.01(b).

50 **SECTION 11.11A.(b)** Program. – The North Carolina Rural Tourism Recovery Pilot
51 Program (Program) is established. The Program shall initially be conducted and administered in

1 the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford,
2 Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The
3 Program shall begin in those counties on October 1, 2021, and terminate on September 30, 2022.

4 **SECTION 11.11A.(c)** Administration. – The nonprofit corporation with which the
5 Department contracts pursuant to G.S. 143B-431.01(b) shall administer the Program. The
6 nonprofit corporation shall coordinate with the Department and other interested public and
7 private stakeholders to ensure the coordination of State efforts to develop a robust Program for
8 the selected counties in subsection (b) of this section.

9 **SECTION 11.11A.(d)** Reports. – The Department, in coordination with the
10 nonprofit corporation and Visit NC, shall provide a report no later than December 1, 2021, to the
11 chairs of the Joint Legislative Economic Development and Global Engagement Oversight
12 Committee and the Fiscal Research Division on the implementation of the Program and
13 information reported by participating counties, Tourism Development Authorities, destination
14 marketing organizations, and local businesses. The report shall include, at a minimum, all of the
15 following:

- 16 (1) Recommendations on expansion of the Program to other counties in the State.
- 17 (2) Recommendations regarding legislative proposals or additional funding
18 needed to execute or expand the Program and whether the Program should be
19 expanded.

20 The Department, in coordination with the nonprofit corporation and Visit NC, shall
21 submit a report no later than February 1, 2023, to the chairs of the House Appropriations
22 Committee, the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal
23 Research Division containing, at a minimum, all of the following:

- 24 (1) Data on outcomes related to the implementation of the Program.
- 25 (2) The expenditure of funds provided for in this section.
- 26 (3) Recommendations on modification or expansion of the Program, including
27 the need for continued support with State funds.

29 **RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM**

30 **SECTION 11.12.(a)** Allocation. – Of the funds appropriated in this act from the
31 State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million
32 dollars (\$50,000,000) shall be allocated to the Department of Commerce, Rural Economic
33 Developmental Division (REDD), to administer a rural downtown transformation grant program
34 pursuant to this section. The program shall enable eligible units of local government to fully
35 leverage resources toward enhancing their communities' prospects for economic growth. Of the
36 funds allocated in this section, twenty-five million dollars (\$25,000,000) shall be used for
37 neighborhood revitalization grants and twenty-five million dollars (\$25,000,000) shall be used
38 for community development enhancement grants, consistent with this section.

39 **SECTION 11.12.(b)** Program. – There is created the Rural Downtown
40 Transformation Grant Program (Program) to be administered by REDD to provide neighborhood
41 revitalization and community development enhancement grants to eligible units of local
42 government.

43 **SECTION 11.12.(c)** Neighborhood Revitalization Grants. – Neighborhood
44 revitalization grants shall be used to support public improvement projects that complement
45 affordable housing investments and help pandemic-impacted neighborhoods retain downtown
46 businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

- 47 (1) Sidewalks and walkways.
- 48 (2) Parks and playgrounds.
- 49 (3) Signage and lighting.
- 50 (4) Benches and planter boxes.
- 51 (5) Public restrooms.

1 (6) Public venues, public parking, and infrastructure.

2 **SECTION 11.12.(d)** Community Development Enhancement Grants. – Community
3 development enhancement grants shall be used for any of the following:

4 (1) Support the acquisition of land and buildings.

5 (2) Preparation and development of neighborhood properties and business sites.

6 (3) Removal of structural and physical barriers to enhance community growth and
7 economic development opportunities.

8 In addition, community development enhancement grant funds may be used by the
9 Department of Commerce in partnership with the Department of Environmental Quality to assess
10 environmental hazards on potentially contaminated eligible property or business sites and to
11 conduct necessary environmental removal or remedial activities to allow the property or business
12 sites to be permitted for development.

13 **SECTION 11.12.(e)** Training; Technical Assistance. – Program funds may be used
14 to deliver training and technical assistance for local government units to effectively leverage
15 State and federal assistance.

16 **SECTION 11.12.(f)** Eligibility. – A unit of local government is eligible for a Rural
17 Downtown Transformation Grant under this section if it is either (i) a community negatively
18 impacted by the COVID-19 pandemic at a disproportionate level when compared to the rest of
19 the State or (ii) located in a qualified census tract, as defined by the United States Department of
20 Housing and Urban Development.

21 **SECTION 11.12.(g)** Application. – An applicant for a Rural Downtown
22 Transformation Grant must show a reasonable expectation that the funding will yield private
23 sector investment and job creation, community development projects, or neighborhood
24 revitalization.

25 **SECTION 11.12.(h)** Administration. – REDD may use up to three percent (3%) of
26 the funds allocated in this section to administer the Program.

27 **ESPORTS INDUSTRY GRANT FUND**

28 **SECTION 11.13.(a)** Article 10 of Chapter 143B of the General Statutes is amended
29 by adding a new section to read:

30 **"§ 143B-437.02B. The Esports Industry Grant Fund.**

31 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a
32 special, nonreverting account to be known as the Esports Industry Grant Fund to provide funds
33 to encourage esports events to be held within the State. The Department of Commerce shall adopt
34 guidelines providing for the administration of the program. The guidelines may provide for the
35 Secretary to award the grant proceeds over a period of time, not to exceed three years. The
36 guidelines shall include the following provisions, which shall apply to each grant from the
37 account:

38 (1) The funds are reserved for a production for which a production company has
39 qualifying expenses of at least two hundred fifty thousand dollars (\$250,000)
40 with respect to a single production.

41 (2) The funds may not be used to provide a grant in excess of an amount more
42 than twenty-five percent (25%) of the qualifying expenses for a single
43 production.

44 (3) The funds shall not be used to provide a grant to more than one production
45 company for a single production.

46 (4) The funds shall not be used to provide a grant for a production that meets one
47 or more of the following:

48 a. It contains material that is "obscene," as defined in G.S. 14-190.1, or
49 that is "harmful to minors," as defined in G.S. 14-190.13.
50

- 1 b. It has the primary purpose of political advertising, fundraising, or
2 marketing, other than by commercial, a product, or service.
- 3 c. It consists of live sporting event programming, including pre-event
4 and post-event coverage and scripted sports entertainment. For
5 purposes of this exception, a live sporting event is a scheduled sporting
6 competition, game, or race that is originated solely by an amateur,
7 collegiate, or professional organization, institution, or association for
8 live or tape-delayed television or satellite broadcast. The term does not
9 include commercial advertising, an episodic television series, a
10 television pilot, a music video, a motion picture, or a documentary
11 production in which sporting events are presented through archived
12 historical footage or similar footage taken at least 30 days before it is
13 used.
- 14 d. It fails to display a promotional logo, website link, statement, or some
15 combination thereof that has been approved by the Department
16 indicating that the production was recorded in or broadcast from North
17 Carolina. The production company shall offer additional marketing
18 opportunities to be evaluated by the Department that offer promotional
19 value to the State.
- 20 (5) Priority for the use of funds shall be given to productions that are reasonably
21 anticipated to maximize the benefit to the State, in consideration of at least the
22 following factors:
- 23 a. Percentage of employees that are permanent residents in the State.
24 b. The anticipated number of in-person spectators.
25 c. The extent to which the production invests in permanent
26 improvements to open public spaces, commercial districts, traditional
27 downtown areas, public landmarks, residential areas, or similar
28 properties or areas or in programs that develop the esports industry in
29 the State.
- 30 d. The duration of the production activities in the State.
- 31 (b) Definitions. – The following definitions apply in this section:
- 32 (1) Department. – The Department of Commerce.
33 (2) Employee. – A person who is employed for consideration and whose wages
34 are subject to withholding under Article 4A of Chapter 105 of the General
35 Statutes.
- 36 (3) Esports event. – A scheduled form of multiplayer video game competition,
37 particularly between professional players, individually or as teams, organized
38 by an amateur, collegiate, or professional organization, institution, or
39 association that is broadcast live or in a recorded format. An esports event
40 does not include a live sporting event.
- 41 (4) Highly compensated individual. – An individual who directly or indirectly
42 receives compensation in excess of one million dollars (\$1,000,000) for
43 personal services with respect to an esports event. An individual receives
44 compensation indirectly when a production company pays a personal service
45 company or an employee leasing company that pays the individual.
- 46 (5) Loan-out company. – A personal service corporation that employs an
47 individual who is hired by a production company.
- 48 (6) Production. – An esports event held in this State with in-person spectators, in
49 addition to participants or competitors, that is intended for commercial
50 distribution on television, websites, the internet, or other digital platforms.

- 1 (7) Production company. – A person engaged in the business of producing esports
2 productions.
- 3 (8) Qualifying expenses. – The sum of the amounts listed in this subdivision,
4 substantiated pursuant to subsection (d) of this section, and spent in this State
5 by a production company in connection with a production, less the amount
6 paid in excess of one million dollars (\$1,000,000) to a highly compensated
7 individual:
- 8 a. Goods and services leased or purchased in this State from a North
9 Carolina vendor. For goods with a purchase price of twenty-five
10 thousand dollars (\$25,000) or more, the amount included in qualifying
11 expenses is the purchase price less the fair market value of the good at
12 the time the production is completed. Goods and services include the
13 cost of tangible and intangible property used for, and services
14 performed primarily and customarily in, production, including
15 preproduction and postproduction and other direct costs of producing
16 the production in accordance with generally accepted entertainment
17 industry practices. Goods and services exclude costs for development,
18 marketing, and distribution; costs of financing for the event, of
19 bonding related to the event, of production-related insurance coverage
20 obtained on the event; and expenses for insurance coverage purchased
21 from a related member.
- 22 b. Compensation and wages and payments on which withholding
23 payments are remitted to the Department of Revenue under Article 4A
24 of Chapter 105 of the General Statutes. Payments made to a loan-out
25 company for services provided in North Carolina shall be subject to
26 gross income tax withholding at the applicable rate under Article 4 of
27 Chapter 105 of the General Statutes.
- 28 c. Employee fringe contributions, including health, pension, and welfare
29 contributions.
- 30 d. Per diems, stipends, and living allowances paid for work being
31 performed in this State.
- 32 (9) Related member. – Defined in G.S. 105-130.7A.
- 33 (10) Secretary. – The Secretary of Commerce.
- 34 (11) Video game. – A game that employs electronics to create an interactive system
35 between one or more players and a user interface or input device to generate
36 visual feedback on a video display device for the player or players.
- 37 (c) Application. – A production company shall apply to the Secretary for a grant on a
38 form prescribed by the Secretary. The Secretary shall evaluate the applications to ensure the
39 production is created for entertainment purposes. The notification must include the title of the
40 production, the name of the production company, a financial contact for the production company,
41 the proposed dates on which the production company plans to hold the event, the proposed
42 location of the event, and any other information required by the Department. The application
43 shall include all documentation and information the Secretary deems necessary to evaluate the
44 grant application.
- 45 (d) Award. – The amounts committed for grants allowed under this section in a single
46 fiscal year may not exceed five million dollars (\$5,000,000).
- 47 (e) Substantiation. – The Secretary shall work with the North Carolina Division of
48 Tourism, Film, and Sports Development to adopt guidelines to provide a process to verify the
49 actual qualifying expenses of a certified production. The Secretary may not release grant funds
50 until the substantiation process required by this subsection is complete and the final verified
51 amount of qualified expenses is determined. The process shall require each of the following:

- 1 (1) The production company shall submit all the qualifying expenses for the
2 production and data substantiating the qualifying expenses, including
3 documentation on the net expenditure on equipment and other tangible
4 personal property to an independent certified public accountant licensed in
5 this State.
- 6 (2) The accountant shall conduct a compliance audit, at the certified production's
7 expense, pursuant to guidelines established by the Secretary and submit the
8 results as a report, along with the required substantiating data, to the
9 production company and the North Carolina Division of Tourism, Film, and
10 Sports Development.
- 11 (3) The North Carolina Division of Tourism, Film, and Sports Development shall
12 review the report and advise the Department on the final verified amount of
13 qualifying expenses made by the certified production.
- 14 (f) Report. – The Department shall provide to the Department of Revenue, and the
15 Department of Revenue must include in the economic incentives report required by
16 G.S. 105-256, the following information, itemized by production company:
- 17 (1) The location of the site used in the production for which a grant was awarded.
18 (2) The qualifying expenses, classified by whether the expenses were for goods,
19 services, or compensation paid by the production company.
20 (3) The number of people employed in the State with respect to grants awarded,
21 including the number of residents of the State employed.
22 (4) The total number of in-person attendees at the event, including both
23 participants and observers.
24 (5) The total cost of the grants awarded.
- 25 (g) Guidelines. – The Department of Commerce shall develop guidelines related to the
26 administration of the Esports Industry Grant Fund and to the selection of events that will receive
27 grants from the Fund. At least 20 days before the effective date of any guidelines or nontechnical
28 amendments to the guidelines, the Department of Commerce shall publish the proposed
29 guidelines on the Department's website and provide notice to persons who have requested notice
30 of proposed guidelines. In addition, the Department must accept oral and written comments on
31 the proposed guidelines during the 15 business days beginning on the first day that the
32 Department has completed these notifications."

33 **SECTION 11.13.(b)** This section is effective when it becomes law.

34 35 **MOTORSPORT INDUSTRY SUPPORT**

36 **SECTION 11.14.(a)** Of the funds appropriated in this act from the State Fiscal
37 Recovery Fund to the Office of State Budget and Management, the sum of forty-five million
38 dollars (\$45,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as
39 follows:

- 40 (1) Ten million dollars (\$10,000,000) to the City of Rockingham for water and
41 sewer and related infrastructure projects for service to the Rockingham
42 Speedway.
- 43 (2) Twenty million dollars (\$20,000,000) to Wilkes County to coordinate with
44 relevant local government units for water and sewer and related infrastructure
45 projects for service to the North Wilkesboro Speedway.
- 46 (3) Fifteen million dollars (\$15,000,000) to the City of Concord for water and
47 sewer projects and related infrastructure for service to the Charlotte Motor
48 Speedway.

49 **SECTION 11.14.(b)** Of the funds appropriated in this act from the State Fiscal
50 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars
51 (\$5,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration

1 with the North Carolina Motorsports Association, a nonprofit organization, in the form of grants
2 to local governments to enhance amenities and increase opportunities for events at motorsport
3 venues in recognition of the impact those events have on local tourism, travel, and hospitality
4 industries. To be eligible for a grant under this subsection, a motorsport venue must be located
5 in this State and must be either (i) presently sanctioned by the National Association for Stock
6 Car Auto Racing, LLC (NASCAR), the National Hot Rod Association, or the International Hot
7 Rod Association or (ii) have hosted a NASCAR Cup Series race on or after September 29, 1996.
8 An eligible sanctioned motorsport venue must apply to the Department of Commerce for grant
9 funds under this subsection before December 30, 2021, to be eligible. Funds received pursuant
10 to this subsection shall be used to offset negative economic impacts of the COVID-19 pandemic,
11 support safe reopening, and aid planned expansions or upgrades delayed due to the COVID-19
12 pandemic. The local government unit shall select a qualifying use approved by the motorsport
13 venue. Local governments receiving funds under this subsection shall ensure that uses for the
14 funds comports with this subsection are expeditiously undertaken. The Department of
15 Commerce shall disburse funds in equal amounts among the eligible applicants. The Department
16 of Commerce may use up to three percent (3%) of funds allocated in this subsection for
17 administration of the motorsports grant program described in this subsection.

18 **SECTION 11.14.(c) Small Venue Support.** – Of the funds appropriated in this act
19 from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of
20 one million dollars (\$1,000,000) shall be allocated to the Department of Commerce to be
21 provided, in collaboration with applicant small motorsports venues, in the form of grants to local
22 governments for such venues. The following shall apply to grants awarded under this subsection:

- 23 (1) Eligibility. – A motorsports venue is eligible to apply for a grant on behalf of
24 the county in which the small venue is located if it qualifies under subsection
25 (a) or (b) of this section or if it is a small motorsports venue, which is a venue
26 that meets all of the following requirements:
- 27 a. For calendar years 2017, 2018, 2019, and 2021, the venue annually
28 held at least two racing events for motorsports vehicles powered by
29 engines with at least four cylinders, for which event admissions were
30 charged for spectators, and for which participants received prize
31 money for winning, points in a points standing scheme used for
32 comparing competitors participating across multiple motorsports
33 racing events, or both.
 - 34 b. For calendar years 2017, 2018, 2019, and 2021, the venue maintained
35 continuous and uninterrupted track general liability insurance and
36 participant or competitor insurance.
 - 37 c. For calendar year 2020, the venue shows economic loss. For purposes
38 of this subsection, economic loss means a reduction in gross receipts
39 from reported gate admissions when compared to the yearly average
40 gross receipts from reported gate admissions from calendar years
41 2017, 2018, and 2019.
- 42 (2) Application. – A venue eligible under this subsection may apply to the
43 Department for a grant on a form prescribed by the Department and must
44 include any supporting documentation required by the Department. The
45 application must be filed with the Department on or before December 30,
46 2021. The Department may not accept late applications.
- 47 (3) Award. – The Department may award a grant to the county in which an
48 applicant venue is located in an amount equal to the economic loss the
49 applicant venue shows. The total of all funds granted under this subsection
50 may not exceed the amount of the appropriation referenced in this section. The
51 Department must calculate the total amounts of grants requested from the

- 1 applications timely filed under this subsection. If the total amount of grants
 2 requested exceeds the maximum amount of funds available, the Department
 3 must (i) first, proportionately reduce or eliminate grants under this subsection
 4 to recipient venues receiving grants under subsections (a) and (b) of this
 5 section and (ii) second, if grants requested still exceed the maximum amount
 6 of funds available, reduce each grant award on a proportionate basis. The
 7 Department's grant determinations based on applications timely filed are final.
- 8 (4) Use. – Grants are provided under this subsection in recognition of the impact
 9 motorsport venues and motorsports events have on local tourism, travel, and
 10 hospitality industries. Funds received by a county pursuant to this subsection
 11 shall be used to enhance amenities and increase opportunities at applicant
 12 venues, to offset negative economic impacts of the COVID-19 pandemic,
 13 support safe reopening, and aid planned but COVID-19 delayed expansions
 14 or upgrades at such venues. The county shall select a qualifying use approved
 15 by the applicant venue. Counties receiving funds under this subsection shall
 16 ensure that uses for the funds comporting with this subsection are
 17 expeditiously undertaken. The Department may use up to one and one-half
 18 percent (1.5%) of the funds allocated in this subsection for administration of
 19 the grant program described in this subsection.
- 20 (5) Clawback. – If a county received a grant under this program for which the
 21 applicant submitted incorrect information or was otherwise ineligible to apply,
 22 the county must forfeit the grant awarded under this subsection and is liable
 23 for the amounts received.

24 **SECTION 11.14.(d)** Funds allocated in this section shall remain available until
 25 expended or until December 31, 2024, whichever is later.

26 **PART XII. ENVIRONMENTAL QUALITY**

27 **GREAT COHARIE TIMBER SALES**

28 **SECTION 12.1.** The Department of Environmental Quality shall deposit revenue
 29 generated from timber harvesting on the Great Coharie property managed by the Department's
 30 Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code:
 31 64307-6705) for the purpose of restoration and stewardship of that property.

32 **REVISE STEWARDSHIP PROGRAM DIRECTIVES**

33 **SECTION 12.1A.** G.S. 143-214.15 reads as rewritten:

34 **"§ 143-214.15. Compensatory mitigation for diverse habitats.**

35 ...
 36 (d) ~~The Office of Land and Water Stewardship Program~~ of the Department of
 37 Environmental Quality shall ~~catalog~~ maintain an inventory of all its land holdings and determine
 38 how many of those holdings are potential wildlife habitats, either as currently held or with some
 39 modification. ~~The Wildlife Resources Commission shall conduct a third party review of this~~
 40 ~~inventory, and the Commission and the Office of Land and Water Stewardship shall both report~~
 41 ~~their findings to the Environmental Review Commission as part of the report required under~~
 42 ~~subsection (f) of this section.~~

43 (e) If private individuals, corporations, or other nongovernmental entities wish to
 44 purchase any of the inventory of land suitable for wildlife habitat, then the ~~Office of Land and~~
 45 ~~Water Stewardship Program~~ of the Department of Environmental Quality shall issue a request
 46 for proposal to all interested respondents for the purchase of the ~~land, and the land.~~ The State
 47 shall accept a proposal and proceed to dispose of the land only if the Department determines that
 48 the proposal meets both of the following requirements:
 49
 50
 51

- 1 (1) The proposal provides for the maintenance in perpetuity of management
2 measures listed in the original mitigation instrument or otherwise needed on
3 an ongoing or periodic basis to maintain the functions of the mitigation site.
4 (2) Where the functions of the mitigation site include provision of recreation or
5 hunting opportunities to members of the general public, the proposal includes
6 measures needed to continue that level of access.

7 The instrument conveying a property interest in a mitigation site shall be executed in the
8 manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the
9 requirements of this subsection.

10 (f) The Department of Environmental Quality shall report to the Environmental Review
11 Commission by March 1 of each year ~~on its progress in complying with~~ on changes in inventory
12 during the preceding year under the provisions of this section."
13

14 **OVERSIGHT COMMITTEE STUDY OF DEQ FEES**

15 **SECTION 12.2.** The Joint Legislative Oversight Committee on Agriculture and
16 Natural and Economic Resources shall study the existing fee structure for permitting,
17 compliance, and oversight services performed by the Department of Environmental Quality with
18 the goal of identifying areas where fee income does not adequately support the services provided.
19 The Committee shall identify, with respect to each service identified as having an insufficient
20 fee, the amount of the fee that was or could have been charged, the cost incurred by the
21 Department of Environmental Quality in performing the service, and, if applicable, the reason
22 for not charging the fee or for the fee shortfall. The Committee shall provide its report to the
23 2022 Regular Session of the 2021 General Assembly upon its convening.
24

25 **EXTEND SHELLFISH LEASING MORATORIA**

26 **SECTION 12.3.(a)** Section 7 of S.L. 2019-37 reads as rewritten:

27 "**SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new
28 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all
29 those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland
30 side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77°
31 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34°
32 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927'
33 N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77°
34 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34°
35 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut;
36 running northeasterly along the shoreline to the point of beginning. The moratorium shall expire
37 ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water
38 column lease shall include applications for either type of lease received by the Secretary, but not
39 granted as of July 1, 2019."

40 **SECTION 12.3.(b)** Section 8 of S.L. 2019-37 reads as rewritten:

41 "**SECTION 8.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new
42 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all
43 those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly
44 following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W;
45 running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio
46 Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline
47 westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running
48 northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland
49 near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of
50 beginning. The moratorium shall expire ~~July 1, 2021.~~ July 1, 2026. For purposes of this section,

1 a new shellfish cultivation lease or water column lease shall include applications for either type
2 of lease received by the Secretary, but not granted as of July 1, 2019."
3

4 **COMMERCIAL FISHING LICENSE BUYBACK**

5 **SECTION 12.4.(a)** Funds appropriated in this act to the Division of Marine Fisheries
6 of the Department of Environmental Quality for a commercial fishing license buyback program
7 shall be used by the Division to implement a voluntary fisheries license buyback program for
8 holders of underutilized Standard Commercial Fishing Licenses (SCFLs). The program shall
9 include the following requirements:

- 10 (1) SCFLs repurchased with funds provided by this section shall revert to the pool
11 of available commercial fishing licenses established by Section 5.2 of S.L.
12 1997-400, as amended by Section 4.24 of S.L. 1998-225.
- 13 (2) Any holder of an SCFL who sells the license back through the program funded
14 by this section shall not be eligible to receive an SCFL or a Retired Standard
15 Commercial Fishing License for three years following the date of sale through
16 the buyback program.

17 **SECTION 12.4.(b)** The Division of Marine Fisheries shall report to the chairs of the
18 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and
19 the Fiscal Research Division as follows:

- 20 (1) No later than December 1, 2021, on its plan for the voluntary license buyback
21 program with consideration of a reverse auction model.
- 22 (2) No later than April 15, 2022, an interim report on progress in implementing
23 the buyback program, including any required legislative changes.
- 24 (3) No later than September 1, 2022, a final report on activities and results of the
25 buyback program.

26 **NORTHERN SHELLFISH LAB FACILITY STUDY**

27 **SECTION 12.4A.** The Department of Environmental Quality shall investigate and
28 report on relocating the Division of Marine Fisheries' northern shellfish sanitation laboratory to
29 space located within facilities allocated to other State agencies or entities, including facilities
30 allocated to The University of North Carolina or any of its constituent institutions. The report
31 shall include estimates of net costs or savings associated with collocation compared to leasing
32 privately owned space. The Department shall report no later than April 1, 2022, to the chairs of
33 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources
34 and the Fiscal Research Division.
35

36 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED 37 FUND AMENDMENTS**

38 **SECTION 12.5.** G.S. 143-215.73F(b) reads as rewritten:

- 39 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:
- 40 (1) To provide the State's share of the costs associated with any dredging project
41 designed to keep shallow draft navigation channels located in State waters or
42 waters of the ~~state~~ State located within lakes navigable and safe.
 - 43 (2) For aquatic weed control projects in waters of the State under Article 15 of
44 Chapter 113A of the General Statutes. Funding for aquatic weed control
45 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
 - 46 (3) ~~For the compensation of a beach and inlet management project manager with~~
47 ~~the Division of Coastal Management of the Department of Environmental~~
48 ~~Quality for the purpose of overseeing all~~ For administrative support of
49 activities related to beach and inlet management in the State. Funding for the
50 position is limited to ninety nine thousand dollars (\$99,000) in each fiscal
51

1 ~~year.~~State, limited to one hundred thousand dollars (\$100,000) in each fiscal
2 year.

3 (3a) For administrative support of Fund operations, limited to one hundred
4 thousand dollars (\$100,000) in each fiscal year.

5 (4) To provide funding for siting and acquisition of dredged disposal easement
6 sites associated with the maintenance of the Atlantic Intracoastal Waterway
7 between the border with the state of South Carolina and the border with the
8 Commonwealth of Virginia, under a Memorandum of Agreement between the
9 State and the federal government.

10 (5) For assessments and data collection regarding dredge material disposal sites
11 located in the State."

13 COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND 14 CHANGES

15 SECTION 12.6. G.S. 143-215.94B(i) reads as rewritten:

16 "(i) During each fiscal year, the Department shall use up to ~~one million dollars~~
17 ~~(\$1,000,000)~~ two million dollars (\$2,000,000) of the funds in the Commercial Fund to fund
18 necessary assessment and cleanup to be conducted by the Department of discharges or releases
19 for which a responsible party has been identified but for which the responsible party can
20 demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial
21 hardship. Any portion of the ~~\$1,000,000~~ two million dollars (\$2,000,000) designated each fiscal
22 year, which is not used during that fiscal year to address situations of severe financial hardship,
23 shall revert to the Commercial Fund for the uses otherwise provided by this section. The
24 Commission shall adopt rules to define severe financial hardship; establish criteria for assistance
25 due to severe financial hardship pursuant to this section; and establish a process for evaluation
26 and determinations of eligibility with respect to applications for assistance due to severe financial
27 hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil
28 Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility
29 under this subsection."
30

31 BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION

32 SECTION 12.7. G.S. 87-98 reads as rewritten:

33 "**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

34 ...

35 (c) The Department shall disburse monies from the Fund based on financial need and on
36 the risk to public health posed by groundwater contamination and shall give priority to the
37 provision of services under this section to instances when an alternative source of funds is not
38 available. The Fund shall not be used to provide alternative water supply to households with
39 incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level,
40 provided that this income limitation shall not apply in cases of contamination that includes
41 per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative
42 drinking water supplies if the Department determines that the concentration of one or more
43 contaminants in the private drinking water well or improved spring exceeds the federal maximum
44 contaminant level, or the federal drinking water action level as defined in 40 Code of Federal
45 Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3
46 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking
47 water action level has not been established, the State groundwater standard established by the
48 Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant,
49 a health goal established by the North Carolina Department of Health and Human Services, or a
50 health advisory standard established by the United States Environmental Protection Agency shall
51 be used to determine whether the Fund may be used to provide alternative drinking water

1 supplies. The Fund may also be used to provide alternative drinking water supplies as provided
2 in this section if the Department determines that the concentration of one or more contaminants
3 in a private drinking water well is increasing over time and that there is a significant risk that the
4 concentration of a contaminant will exceed the federal maximum contaminant level or drinking
5 water action level, or the State groundwater standard. A determination of the concentration of a
6 contaminant shall be based on a sample of water collected from the private drinking water well
7 within the past 12 months.

8 ...

9 ~~(e4) The Department may use up to one hundred thousand dollars (\$100,000) annually of~~
10 ~~the monies in the Fund to pay the personnel and other direct costs associated with the~~
11 ~~implementation of this section.~~

12"

13 **ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION**

14 **SECTION 12.8.** Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of
15 S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

16 "**SECTION 14.20A.(b)** Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds
17 allocated by this section shall be held in reserve by the Office of State Budget and Management
18 and the allocations to each County shall be released when the County and one or more of the
19 municipalities specified in subsection (a) of this section reach agreement on the funds allocated
20 to that County by this section through interlocal agreements or the formation of regional water
21 and sewer authorities or a combination of interlocal agreements and regional water and sewer
22 authorities. Funds not spent or encumbered by June 30, ~~2021, 2023~~, shall be returned by the local
23 governments or regional water and sewer authority to the Office of State Budget and
24 Management and revert to the General Fund."

25 **DAM SAFETY EMERGENCY FUND**

26 **SECTION 12.10.(a)** Part 3 of Article 21 of Chapter 143 of the General Statutes is
27 amended by adding a new section to read:

28 **"§ 143-215.32A. Dam Safety Emergency Fund.**

29 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund
30 within the Department, as set forth in this section. The Fund shall be used to defray expenses
31 incurred by the Department in developing and implementing an emergency dam safety remedial
32 plan.

33 (b) Eligible Expenses. – The Fund may be used for expenses incurred in developing and
34 implementing an emergency dam safety remedial plan that has been approved by the Department,
35 including expenses incurred to contract with any third party for services related to plan
36 development or implementation.

37 (c) Conditions for Use. – These funds shall be used upon the Department's determination
38 that sufficient funds or corrective action cannot be obtained from other sources without incurring
39 a delay that would significantly increase the threat to life or risk of damage to property or the
40 environment.

41 (d) Cost Recovery. – Costs of site investigation and the development and implementation
42 of an emergency dam safety remedial plan, including attorney's fees and other expenses of
43 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate
44 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to
45 reimburse the Dam Safety Emergency Fund.

46 (e) Standards for Funded Activities. – Emergency dam safety remedial plan development
47 and implementation activities shall be conducted in accordance with standards set forth in
48 G.S. 143-215.29."

49 **SECTION 12.10.(b)** G.S. 143-215.29(a) reads as rewritten:
50
51

1 "(a) Any project for which the Commission's approval is required under G.S. 143-215.26,
2 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission
3 issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in
4 G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State
5 of North Carolina."
6

7 **EROSION AND SEDIMENTATION FEE CHANGES**

8 **SECTION 12.10A.(a)** G.S. 113A-54.2(a) reads as rewritten:

9 "(a) An application and compliance fee of sixty five dollars (\$65.00) one hundred fifty
10 dollars (\$150.00) per acre of disturbed land shown on an erosion and sedimentation control plan
11 or of land actually disturbed during the life of the project shall be charged for the review of an
12 erosion and sedimentation control plan and related compliance activities under this Article."
13

14 **SECTION 12.10A.(b)** G.S. 113A-60(d) reads as rewritten:

15 "(d) A local government may submit to the Commission for its approval a limited erosion
16 and sedimentation control program for its jurisdiction that grants the local government the
17 responsibility only for the assessment and collection of fees and for the inspection of
18 land-disturbing activities within the jurisdiction of the local government. The Commission shall
19 be responsible for the administration and enforcement of all other components of the erosion and
20 sedimentation control program and the requirements of this Article. The local government may
21 adopt ordinances and regulations necessary to establish a limited erosion and sedimentation
22 control program. An ordinance adopted by a local government that establishes a limited program
23 shall conform to the minimum requirements regarding the inspection of land-disturbing activities
24 of this Article and the rules adopted pursuant to this Article regarding the inspection of
25 land-disturbing activities. The local government shall establish and collect a fee to be paid by
26 each person who submits an erosion and sedimentation control plan to the local government. The
27 amount of the fee shall be an amount equal to eighty percent (80%) of the amount established by
28 the Commission pursuant to G.S. 113A-54.2(a) plus any amount that the local government
29 requires to cover the cost of inspection and program administration activities by the local
30 government. The total fee shall not exceed one hundred dollars (\$100.00) two hundred thirty
31 dollars (\$230.00) per acre. A local government that administers a limited erosion and
32 sedimentation control program shall pay to the Commission the portion of the fee that equals
33 eighty percent (80%) of the fee established pursuant to G.S. 113A-54.2(a) to cover the cost to the
34 Commission for the administration and enforcement of other components of the erosion and
35 sedimentation control program. Fees paid to the Commission by a local government shall be
36 deposited in the Sedimentation Account established by G.S. 113A-54.2(b). A local government
37 that administers a limited erosion and sedimentation control program and that receives an erosion
38 control plan and fee under this subsection shall immediately transmit the plan to the Commission
39 for review. A local government may create or designate agencies or subdivisions of the local
40 government to administer the limited program. Two or more units of local government may
41 establish a joint limited program and enter into any agreements necessary for the proper
42 administration of the limited program. The resolutions establishing any joint limited program
43 must be duly recorded in the minutes of the governing body of each unit of local government
44 participating in the limited program, and a certified copy of each resolution must be filed with
45 the Commission. Subsections (b) and (c) of this section apply to the approval and oversight of
46 limited programs."
47

48 **SECTION 12.10A.(c)** This section is effective when it becomes law.

49 **VOLKSWAGEN SETTLEMENT**

50 **SECTION 12.11.(a)** Section 10(b) of S.L. 2020-79 reads as rewritten:

51 "**SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section
13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen

1 Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred
 2 eighty-one thousand eight hundred eighty-six dollars (\$30,681,886) to fund Phase 1 of the August
 3 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and
 4 submitted by the Department of Environmental Quality to the General Assembly pursuant to the
 5 Settlement Directives. The funds appropriated in this act shall be allocated for the following
 6 purposes set forth in Phase 1 of the Plan:

- 7 (1) Diesel bus and vehicle replacements or upgrades.
- 8 (2) Zero emissions vehicle infrastructure – Level 2 charging stations.
- 9 (3) Zero emissions vehicle infrastructure – DC fast charging stations.

10 The Department of Environmental Quality in its capacity as the lead agency designated under
 11 the procedures set forth in the Trust agreement may transfer and use up to one million five
 12 hundred thirty-four thousand ninety-four dollars (\$1,534,094) for administrative purposes in
 13 executing the Plan.

14 Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end
 15 of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of~~
 16 ~~Environmental Quality as set forth in the Trust agreement.~~ remain available until expended."

17 **SECTION 12.11.(b)** This section is effective June 30, 2021.

18 **WATER INFRASTRUCTURE FUND ENHANCEMENT**

19 **SECTION 12.12.(a)** G.S. 159G-22 is amended by adding a new subsection to read:

20 "(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department
 21 for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide
 22 State matching funds that are in excess of the amount required to draw down all available federal
 23 capitalization grant funds may also be used for water and wastewater infrastructure grants
 24 awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility
 25 Reserve."

26 **SECTION 12.12.(b)** G.S. 159G-39 reads as rewritten:

27 "**§ 159G-39. Review of applications and award of loan or grant.**

28 ...

29 (e) ~~Viable Utility Reserve Terms.~~ Approval. – The Department shall not award a grant
 30 from the Viable Utility Reserve Fund unless the Local Government Commission approves the
 31 award of the grant and the terms of the grant. Any emergency grant application submitted under
 32 G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon
 33 submission.
 34

35 (f) Grant Terms. –

- 36 (1) Viable Utility Reserve. – The Department and the Local Government
 37 Commission may, in their discretion, impose specific performance measures
 38 or conditions on any grant awarded from the Viable Utility Reserve, including
 39 any grant submitted under G.S. 159G-31(e).
- 40 (2) Drinking Water Reserve or Wastewater Reserve. – The Department may
 41 impose specific performance measures or conditions on any grant awarded
 42 from the Drinking Water Reserve or Wastewater Reserve to ensure an
 43 adequately funded program for the repair, maintenance, and management of
 44 the water or wastewater infrastructure."

45 **SECTION 12.12.(c)** G.S. 159G-45(d) reads as rewritten:

46 "(d) The Authority and the Local Government Commission shall establish the frequency
 47 of the cycle for assessment and review of local government units under this ~~section, which shall~~
 48 ~~be no less than every two years.~~ section. The frequency of the cycle shall be not less than once
 49 every two years."

50 **BIRD ISLAND FUNDS**

1 **SECTION 12.12B.** Funds appropriated by S.L. 2018-5 for acquisition of the Sunset
2 Beach West tract for the Bird Island Coastal Reserve may be used by the Department to complete
3 various acquisition-related activities related to incorporation of the tract into the reserve, such as
4 the purchase and installation of signage, updates to printed materials, property stewardship, and
5 the planning and implementation of walking and kayak trails. These funds may also be used for
6 outreach supplies and temporary staff to support public programs and activities.
7

8 **WATER AND SEWER INFRASTRUCTURE FUNDS**

9 **SECTION 12.13.(a)** Allocation. – Funds appropriated in this act from the State
10 Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure
11 Fund shall be allocated for water and sewer infrastructure as follows:

- 12 (1) Five hundred million dollars (\$500,000,000) for the Viable Utility Reserve to
13 be used for the purposes set forth in subdivisions (1) through (5) of
14 G.S. 159G-32(d).
- 15 (2) Three hundred million dollars (\$300,000,000) for the Drinking Water Reserve
16 and the Wastewater Reserve to provide project construction grants for public
17 water systems and wastewater systems that the Department categorizes as
18 at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants
19 awarded from funds allocated by this subdivision.
- 20 (3) Six hundred million dollars (\$600,000,000) for the Drinking Water Reserve
21 and the Wastewater Reserve to provide project construction grants for public
22 water systems and wastewater systems not eligible for funding under
23 subdivisions (1) and (2) of this subsection. The limits set forth in
24 G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by
25 this subdivision.
- 26 (4) Eighty million dollars (\$80,000,000) to the Water Infrastructure Fund for the
27 Drinking Water Reserve and the Wastewater Reserve for any of the following
28 grants:
 - 29 a. Asset inventory and assessment grants, as defined in
30 G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).
 - 31 b. Rate study grants intended to determine a rate structure that will enable
32 a public water system or wastewater system to generate sufficient
33 revenues to adequately fund management and operations, personnel,
34 appropriate levels of maintenance, and reinvestment to facilitate the
35 provision of reliable water or wastewater services.
 - 36 c. Merger/regionalization feasibility grants, as defined in
37 G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).
 - 38 d. Training grants to increase the capacity of a public water system or
39 wastewater system to operate efficiently and maintain adequate
40 maintenance and revenue collection practices.
 - 41 e. Planning grants to conduct project engineering, design, or other
42 preconstruction activities.

43 **SECTION 12.13.(b)** Limitation on Certain Grants. – Notwithstanding
44 G.S. 159G-36(c), the amount of grants awarded under subdivision (a)(4) of this section may not
45 exceed four hundred thousand dollars (\$400,000) to the same grant recipient for the 2021-2023
46 fiscal biennium.

47 **SECTION 12.13.(c)** Reversion of Unneeded Funds. – Funds in excess of the
48 amounts needed for the projects listed in subsections (d), (e), and (f) of this section may be used
49 by the Department for other water and sewer infrastructure projects subject to applicable law and
50 the applicable directives and limitations set forth in subdivision (a)(1), (a)(2), or (a)(3) of this
51 section. The unused funds from projects listed in subsection (d) of this section may be used for

1 projects eligible for funding from the Viable Utility Reserve, and the unused funds from projects
2 listed in subsections (e) and (f) of this section may be used for projects eligible for funding from
3 the Drinking Water Reserve or the Wastewater Reserve.

4 **SECTION 12.13.(d)** VUR Directed Projects. – Of the funds allocated by subdivision
5 (a)(1) of this section, the following sums shall be granted to the indicated local governments and
6 public entities for water and wastewater infrastructure projects:

- 7 (1) One million ninety-one thousand seven hundred ninety-seven dollars
8 (\$1,091,797) to the Town of Andrews.
- 9 (2) Five million dollars (\$5,000,000) to the Town of Bailey.
- 10 (3) Five million dollars (\$5,000,000) to the Town of Bath.
- 11 (4) Twenty-three million three hundred forty-nine thousand fifty-one dollars
12 (\$23,349,051) to the Town of East Spencer.
- 13 (5) One hundred fifty thousand dollars (\$150,000) to the Town of Ellerbe.
- 14 (6) One million dollars (\$1,000,000) to the Town of Hot Springs.
- 15 (7) Eight million three hundred fifty thousand dollars (\$8,350,000) to the Town
16 of Madison.
- 17 (8) Five million dollars (\$5,000,000) to the Town of Maysville.
- 18 (9) One million five hundred thousand dollars (\$1,500,000) to the Town of
19 Middlesex.
- 20 (10) Ten million dollars (\$10,000,000) to Rockingham County.
- 21 (11) One million four hundred thousand dollars (\$1,400,000) to the City of
22 Southport.
- 23 (12) Five million nine hundred ninety-four thousand dollars (\$5,994,000) to the
24 City of Trinity.
- 25 (13) Four hundred twenty-five thousand dollars (\$425,000) to the Town of Tryon.
- 26 (14) Six hundred thousand dollars (\$600,000) to the Town of Walstonburg.

27 **SECTION 12.13.(e)** At-Risk Directed Projects. – Of the funds allocated by
28 subdivision (a)(2) of this section, the following sums shall be granted to the indicated local
29 governments and public entities for water and wastewater infrastructure projects:

- 30 (1) Twenty-two million seven hundred thirty-three thousand seven hundred
31 dollars (\$22,733,700) to the Town of Benson.
- 32 (2) Six million dollars (\$6,000,000) to the Town of Blowing Rock.
- 33 (3) Three hundred thousand dollars (\$300,000) to Burke County.
- 34 (4) Five million three hundred thousand dollars (\$5,300,000) to Davidson
35 County.
- 36 (5) Five hundred thousand dollars (\$500,000) to the Town of Denton.
- 37 (6) Two million six hundred thousand dollars (\$2,600,000) to the Town of Four
38 Oaks.
- 39 (7) Sixteen million ninety thousand dollars (\$16,090,000) to the Town of Kenly.
- 40 (8) Eleven million dollars (\$11,000,000) to McDowell County.
- 41 (9) Nine hundred fifty thousand dollars (\$950,000) to the Town of Micro.
- 42 (10) Two million dollars (\$2,000,000) to the Town of Mount Gilead.
- 43 (11) One million nine hundred ninety-five thousand dollars (\$1,995,000) to the
44 Town of Pine Level.
- 45 (12) Two million eight hundred twenty-four thousand two hundred dollars
46 (\$2,824,200) to the Town of Ranlo.
- 47 (13) Three million one hundred thousand dollars (\$3,100,000) to the Town of Red
48 Springs.
- 49 (14) One hundred thousand dollars (\$100,000) to the Town of Robbinsville.
- 50 (15) One million five hundred thousand dollars (\$1,500,000) to the Town of
51 Roseboro.

- 1 (16) Seven million dollars (\$7,000,000) to the Town of Rosman.
- 2 (17) Nine hundred thousand dollars (\$900,000) to the Town of Salemburg.
- 3 (18) One hundred sixty thousand dollars (\$160,000) to the City of Saluda.
- 4 (19) Six million five hundred thousand dollars (\$6,500,000) to the Town of Selma.
- 5 (20) One million three hundred thousand dollars (\$1,300,000) to the Town of
- 6 Sparta.
- 7 (21) One million two hundred five thousand one hundred thirty dollars
- 8 (\$1,205,130) to the Town of Taylorsville.
- 9 (22) One hundred thousand dollars (\$100,000) to the Town of Winton.
- 10 (23) Three million dollars (\$3,000,000) to Yadkin County.
- 11 **SECTION 12.13.(f)** Other Directed Projects. – Of the funds allocated by subdivision
- 12 (a)(3) of this section for project construction grants, the following sums shall be granted to the
- 13 indicated local governments and public entities for water and wastewater infrastructure projects:
- 14 (1) Three hundred fifteen thousand dollars (\$315,000) to the Village of
- 15 Alamance.
- 16 (2) Three million six hundred nineteen thousand dollars (\$3,619,000) to
- 17 Alexander County.
- 18 (3) Two million three hundred thousand dollars (\$2,300,000) to the Town of
- 19 Angier.
- 20 (4) Ten million dollars (\$10,000,000) to the City of Burlington.
- 21 (5) Thirty million dollars (\$30,000,000) to the Water and Sewer Authority of
- 22 Cabarrus County.
- 23 (6) Eight million eight hundred thousand dollars (\$8,800,000) to Catawba
- 24 County.
- 25 (7) One million dollars (\$1,000,000) to Clay County.
- 26 (8) Twenty-four million dollars (\$24,000,000) to the Town of Clayton to be
- 27 allocated as follows:
- 28 a. Four million dollars (\$4,000,000) for improvements to the Town's
- 29 water storage infrastructure.
- 30 b. Twenty million dollars (\$20,000,000) for a wastewater treatment
- 31 facility.
- 32 (9) Nineteen million dollars (\$19,000,000) to Cleveland County Water.
- 33 (10) Five hundred thousand dollars (\$500,000) to the Town of Clyde.
- 34 (11) Three million dollars (\$3,000,000) to Davie County.
- 35 (12) Four hundred fifty thousand dollars (\$450,000) to the Town of Dunn.
- 36 (13) Two million four hundred thousand dollars (\$2,400,000) to the Town of Elon.
- 37 (14) Three hundred twenty thousand dollars (\$320,000) to the Town of Faison.
- 38 (15) One hundred seventy-five thousand dollars (\$175,000) to the Town of
- 39 Franklin.
- 40 (16) Nine million seven hundred three thousand dollars (\$9,703,000) to Gaston
- 41 County.
- 42 (17) Ten million four thousand dollars (\$10,004,000) to the City of Gastonia to be
- 43 allocated as follows:
- 44 a. Four million four hundred twenty-five thousand dollars (\$4,425,000)
- 45 for wastewater outfalls.
- 46 b. Five million five hundred seventy-nine thousand dollars (\$5,579,000)
- 47 for rehabilitation of a supervisory control and data acquisition system.
- 48 (18) Three million seven hundred fifty thousand dollars (\$3,750,000) to the Town
- 49 of Graham.
- 50 (19) One hundred fifty thousand dollars (\$150,000) to the Town of Granite Falls.

- 1 (20) Four hundred one thousand four hundred forty-seven dollars (\$401,447) to the
- 2 Town of Green Level.
- 3 (21) Ten million dollars (\$10,000,000) to the City of Greensboro.
- 4 (22) Two million dollars (\$2,000,000) to the Handy Sanitary District.
- 5 (23) Ten million dollars (\$10,000,000) to Henderson County.
- 6 (24) Four million two hundred thousand dollars (\$4,200,000) to the City of
- 7 Hendersonville. These funds shall be used for the Edneyville High School line
- 8 extension.
- 9 (25) One hundred thousand dollars (\$100,000) to the Town of Highlands.
- 10 (26) Twenty-two million dollars (\$22,000,000) to the City of King.
- 11 (27) Thirty-nine million dollars (\$39,000,000) to the City of Kings Mountain for a
- 12 wastewater expansion project southwest of the City.
- 13 (28) Ten million two hundred eighty thousand dollars (\$10,280,000) to the Town
- 14 of LaGrange.
- 15 (29) Eight million dollars (\$8,000,000) to the Town of Lake Lure.
- 16 (30) Two hundred thousand dollars (\$200,000) to Lincoln County.
- 17 (31) Eight hundred thousand dollars (\$800,000) to the Town of Locust.
- 18 (32) Twelve million dollars (\$12,000,000) to Madison County.
- 19 (33) One million dollars (\$1,000,000) to the Town of Midland.
- 20 (34) Two million five hundred thousand dollars (\$2,500,000) to Montgomery
- 21 County.
- 22 (35) Eight million dollars (\$8,000,000) to the Town of Mt. Pleasant.
- 23 (36) Two hundred thirty thousand dollars (\$230,000) to the City of New Bern.
- 24 (37) Five hundred thousand dollars (\$500,000) to the Town of North Wilkesboro.
- 25 (38) Eight million seven hundred thousand dollars (\$8,700,000) to the Town of
- 26 Pembroke.
- 27 (39) Seven hundred fifty thousand dollars (\$750,000) to Richmond County.
- 28 (40) One million seven hundred seventeen thousand dollars (\$1,717,000) to
- 29 Sampson County.
- 30 (41) Thirty-four million dollars (\$34,000,000) to the City of Sanford.
- 31 (42) Seven million four hundred thousand dollars (\$7,400,000) to the City of
- 32 Shelby.
- 33 (43) Three million dollars (\$3,000,000) to the Town of Smithfield.
- 34 (44) Thirty million dollars (\$30,000,000) to the South Granville Water and Sewer
- 35 Authority.
- 36 (45) Seven hundred fifty thousand dollars (\$750,000) to the Southern Wayne
- 37 Sanitation District.
- 38 (46) Three million seven hundred thousand dollars (\$3,700,000) to the Town of
- 39 Spring Hope.
- 40 (47) Twenty million dollars (\$20,000,000) to the City of Statesville.
- 41 (48) Eight hundred thousand dollars (\$800,000) to the Town of Stedman.
- 42 (49) Two million dollars (\$2,000,000) to the Town of Surf City.
- 43 (50) Five hundred thousand dollars (\$500,000) to the Town of Swepsonville.
- 44 (51) Five hundred thousand dollars (\$500,000) to the City of Thomasville.
- 45 (52) Two million four hundred forty-five thousand dollars (\$2,445,000) to the
- 46 Town of Troutman.
- 47 (53) Four million dollars (\$4,000,000) to Union County for design, permitting, and
- 48 construction of an expansion of the Poplin Road pump station and the Twelve
- 49 Mile Creek Water Reclamation Facility to provide expanded service and
- 50 capacity for wastewater.

- 1 (54) Thirty-five million dollars (\$35,000,000) to Union County for the Yadkin
2 Regional Water Supply Project.
3 (55) Eight hundred one thousand nine hundred eighty-three dollars (\$801,983) to
4 the Town of Valdese.
5 (56) Eighty thousand dollars (\$80,000) to the Town of Walkertown for a sewer
6 extension along Sullivantown Road.
7 (57) Thirteen million dollars (\$13,000,000) to Yancey County.

8 **SECTION 12.13.(g)** Economic Development Projects. – Of the funds allocated by
9 subdivision (a)(3) of this section for project construction grants, the Department of
10 Environmental Quality shall transfer the sum of forty-two million four hundred eleven thousand
11 four hundred forty-four dollars (\$42,411,444) to the Department of Commerce to provide the
12 following grants for water and sewer infrastructure projects intended to advance economic
13 development or affordable housing objectives for the recipients:

- 14 (1) One million one hundred sixty-five thousand four hundred forty-four dollars
15 (\$1,165,444) to Alexander County.
16 (2) Four million dollars (\$4,000,000) to the Anson Economic Development
17 Corporation.
18 (3) Five million eight hundred seventy-one thousand dollars (\$5,871,000) to the
19 City of Burlington.
20 (4) Two hundred fifty thousand dollars (\$250,000) to Habitat for Humanity of
21 Gaston County.
22 (5) Eight million dollars (\$8,000,000) to the Town of Holly Springs. This
23 allocation shall be conditional upon the provision of seven million dollars
24 (\$7,000,000) in matching funds from non-State sources, including no less than
25 two million dollars (\$2,000,000) from the Town.
26 (6) One million one hundred twenty-five thousand dollars (\$1,125,000) to the
27 Town of Mocksville.
28 (7) Twenty-two million dollars (\$22,000,000) to the Wayne County Development
29 Alliance for Project Butter.

30 The Department of Commerce may use one and one-half percent (1.5%) of the funds
31 allocated by this subsection for administrative costs.

32 **SECTION 12.13.(h)** National Guard Project Planning. – Of the funds allocated by
33 subdivision (a)(3) of this section for project construction grants, the Department of
34 Environmental Quality shall transfer the sum of five hundred thousand dollars (\$500,000) to the
35 Department of Public Safety to provide a planning grant to the North Carolina National Guard
36 for a water and sewer infrastructure project at the site formerly known as Fountain Correctional
37 Center for Women.

38 **SECTION 12.13.(i)** Highly Treated Wastewater Pilot. - Of the funds allocated by
39 subdivision (a)(3) of this section for project construction grants, the Department of
40 Environmental Quality shall use twenty million dollars (\$20,000,000) for the Innovative Highly
41 Treated Wastewater Pilot Program established in Section 12.13A of this act.

42 **SECTION 12.13.(j)** Administrative Costs. – The Department may use one and
43 one-half percent (1.5%) of the funds allocated by this section, other than the funds transferred in
44 subsections (g), (h), and (i) of this section, for administrative costs. The Department shall not
45 charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set
46 aside of administrative costs authorized by this subsection.

47 **HIGHLY TREATED WASTEWATER PILOT PROGRAM**

48 **SECTION 12.13A.(a)** For purposes of this section, "highly treated wastewater
49 legislation" refers to House Bill 916, Second Edition, 2021 Regular Session, or other legislation
50 substantially similar to Sections 1, 3, and 4 of that bill. If the highly treated wastewater legislation
51

1 becomes law, then the Department shall use funds allocated to it by Section 12.13(i) of this act
2 to establish an Innovative Highly Treated Wastewater Pilot Program within the Division of Water
3 Infrastructure. To implement the Program, the Department shall do the following:

- 4 (1) Review and qualify wastewater systems meeting the standards set forth in
5 G.S. 143-215(f), as enacted by the highly treated wastewater legislation, either
6 as a single unit or as a combination of treatment devices. The Department shall
7 require the manufacturer of the wastewater system within five days of the
8 qualification under this subdivision to file with the Department a performance
9 bond or other surety with a minimum term of five years to be executed in favor
10 of the permittee in the amount sufficient to cover system replacement.
11 Operation, maintenance, abuse, or change in hydraulic flows or wastewater
12 characteristics shall not be attached to the performance bond or surety.
- 13 (2) Identify local governments, sanitary districts, or public authorities considered
14 distressed, as defined by G.S. 159G-20, or that include residential or
15 commercial developments or subdivisions that are unable to be served by
16 existing wastewater systems.
- 17 (3) Work with the entities identified under subdivision (2) of this subsection to
18 select, permit, and install at least four wastewater systems producing highly
19 treated wastewater, as defined in the highly treated wastewater legislation.

20 **SECTION 12.13A.(b)** If the highly treated wastewater legislation does not become
21 law by June 30, 2023, then the funds allocated by this section shall revert to the Wastewater
22 Reserve to be used for any of the purposes authorized in G.S. 159G-32(b).

23 24 **STORMWATER INFRASTRUCTURE FUNDS**

25 **SECTION 12.14.(a)** Establishment of the Fund. – Funds appropriated in this act
26 from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater
27 infrastructure shall be used by the Department to establish the Local Assistance for Stormwater
28 Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be
29 used to provide grants to eligible entities as defined in this section for projects that will improve
30 or create infrastructure for controlling stormwater quantity and quality.

31 **SECTION 12.14.(b)** Directed Projects. – Of the funds allocated by this section, the
32 following sums shall be granted to the indicated local governments and public entities for
33 stormwater projects:

- 34 (1) Four hundred thousand dollars (\$400,000) to the Town of Angier.
- 35 (2) Seven hundred thousand dollars (\$700,000) to the City of Brevard.
- 36 (3) Five hundred thousand dollars (\$500,000) to the Town of Dunn.
- 37 (4) Nine million eight hundred thousand dollars (\$9,800,000) to the Fayetteville
38 Public Works Commission.
- 39 (5) One million five hundred thousand dollars (\$1,500,000) to the Town of Four
40 Oaks.
- 41 (6) Three hundred fifty thousand dollars (\$350,000) to the City of Hope Mills.
- 42 (7) One million five hundred thousand dollars (\$1,500,000) to the City of
43 Mooresville.
- 44 (8) Seventy-five thousand dollars (\$75,000) to the City of New Bern.

45 **SECTION 12.14.(c)** Allocation of Undirected Funds. – The Department shall use
46 seventy percent (70%) of the funds allocated in this section for construction grants as specified
47 in subdivision (e)(1) of this section and thirty percent (30%) of the funds allocated in this section
48 for planning grants as specified in subdivision (e)(2) of this section.

49 **SECTION 12.14.(d)** Eligible Entity. – An eligible entity for a grant under this
50 section shall be a city or county that (i) documents in a form and manner as the Department may
51 specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a

1 significant hardship raising the revenue necessary to finance stormwater management activities
2 within its jurisdiction based on income and unemployment data, population trends, and any other
3 data determined relevant by the Department.

4 **SECTION 12.14.(e)** Grant Types. – The Department shall make the following types
5 of grants from the Fund:

6 (1) Construction grants. – A construction grant is available for the development
7 and implementation of a new stormwater utility or stormwater control
8 measure (SCM), the rehabilitation of existing SCMs, the retrofitting of
9 existing stormwater conveyances to provide SCMs for quantity and quality
10 control purposes, or the installation of innovative technologies or nature-based
11 solutions for flood control.

12 (2) Planning grants. – A planning grant is available for research or investigative
13 studies, alternatives analyses, the preparation of engineering concept plans or
14 engineering designs, and similar activities intended to help an eligible entity
15 determine the best solutions for the entity's stormwater quality or quantity
16 issue and to engineer and permit the solutions.

17 **SECTION 12.14.(f)** Limitation. – The following limits apply to grants from the
18 Fund:

19 (1) Construction grants may not exceed fifteen million dollars (\$15,000,000).

20 (2) Planning grants may not exceed five hundred thousand dollars (\$500,000).

21 **SECTION 12.14.(g)** Administration. – The Department may adopt any policies or
22 procedures regarding the application process, applicant record keeping and reporting, and any
23 other administrative details not inconsistent with this section. The Department may use up to one
24 and one-half percent (1.5%) of the funds allocated by this section for the administrative costs of
25 establishing and implementing the program.

26 **SECTION 12.14.(h)** Report. – The Department shall submit a report no later than
27 September 1, 2022, and annually thereafter to the chairs of the Joint Legislative Oversight
28 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research
29 Division on the projects and activities funded by this section until all funds have been expended
30 by grant recipients. The Department shall include in its initial report and may include in
31 subsequent reports recommendations regarding legislative changes or additional funding needed
32 to assist small and financially distressed communities to comply with stormwater standards and
33 requirements and to mitigate the adverse impacts of extreme weather events on
34 stormwater-related flood events. The reports shall also include, at a minimum, the following:

35 (1) The beginning and ending balance of the Fund for the quarter.

36 (2) A listing of grant recipients, amount provided to each recipient, and the grant
37 type funded.

38 (3) An overview of the use of funds by grant recipients, including a description
39 of projects constructed or planning milestones achieved.

40 **CLARIFY PERMITTING IN ISOLATED WETLANDS**

41 **SECTION 12.15.(a)** G.S. 143-212 reads as rewritten:

42 **"§ 143-212. Definitions.**

43 ...

44 (3a) "Isolated wetlands" means either of the following:

45 a. A wetland confirmed to be isolated by the United States Army Corps
46 of Engineers prior to June 22, 2020.

47 b. A wetland that has been determined to be non-jurisdictional by the
48 United States Army Corps of Engineers after June 22, 2020, and for
49 which an evaluation confirmed by the Department documents that a
50 significant nexus is not present pursuant to the Clean Water Act
51

1 Jurisdiction Following the U.S. Supreme Court's Decision in Rapanos
 2 v. United States & Carabell v. United States memorandum dated
 3 December 02, 2008.

4 ...

5 (6) "Waters" means any stream, river, brook, swamp, lake, sound, tidal estuary,
 6 bay, creek, reservoir, ~~waterway,~~ waterway, wetland, or other body or
 7 accumulation of water, whether surface or underground, public or private, or
 8 natural or artificial, that is contained in, flows through, or borders upon any
 9 portion of this State, including any portion of the Atlantic Ocean over which
 10 the State has jurisdiction.

11 (7) "Wetlands" means areas that are inundated or saturated by an accumulation of
 12 surface or ground water at a frequency and duration sufficient to support, and
 13 that under normal circumstances do support, a prevalence of vegetation
 14 typically adapted for life in saturated soil conditions. Wetlands do not include
 15 prior converted cropland as defined in the National Food Security Act Manual,
 16 Fifth Edition. Wetlands classified as waters of the State are restricted to waters
 17 of the United States as defined by 33 C.F.R. § 328.3 and 40 C.F.R. § 230.3
 18 and isolated wetlands that are either basins or bogs as described in the North
 19 Carolina Wetland Assessment User Manual prepared by the North Carolina
 20 Wetland Functional Assessment Team, version 4.1, October 2010."

21 **SECTION 12.15.(b)** G.S. 143-215.1 reads as rewritten:

22 **"§ 143-215.1. Control of sources of water pollution; permits required.**

23 (a) Activities for Which Permits Required. – Except as provided in ~~subsection (a6)~~
 24 ~~subsections (a6) and (a8)~~ of this section, no person shall do any of the following things or carry
 25 out any of the following activities unless that person has received a permit from the Commission
 26 and has complied with all conditions set forth in the permit:

27 ...

28 (a8) No permit shall be required under this section for activities in wetlands that are not
 29 waters of the United States, except isolated wetlands that are either basins or bogs as described
 30 in the North Carolina Wetland Assessment User Manual prepared by the North Carolina Wetland
 31 Functional Assessment Team, version 4.1, October 2010.

32"

33 **SECTION 12.15.(c)** Section 4.18(a) of S.L. 2015-286 reads as rewritten:

34 ~~"SECTION 4.18.(a) For the purposes of implementing Section .1300 of Subchapter 2H of~~
 35 ~~Chapter 2 of Title 15A of the North Carolina Administrative Code (Discharges to Isolated~~
 36 ~~Wetlands and Isolated Waters), the isolated wetlands provisions of Section .1300 shall apply only~~
 37 ~~to Basin Wetlands and Bogs and no other wetland types as described in the North Carolina~~
 38 ~~Wetland Assessment User Manual prepared by the North Carolina Wetland Functional~~
 39 ~~Assessment Team, version 4.1 October 2010 that are not jurisdictional wetlands under the federal~~
 40 ~~Clean Water Act. The isolated wetlands provisions of Section .1300 shall not apply to an isolated~~
 41 ~~man-made ditch or pond constructed for stormwater management purposes or any other~~
 42 ~~man-made isolated pond."~~

43
 44 **CLARIFY LOCAL AUTHORITY FOR STORMWATER ORDINANCES**

45 **SECTION 12.16.(a)** G.S. 160D-925 reads as rewritten:

46 **"§ 160D-925. Stormwater control.**

47 (a) A local government may adopt and enforce a stormwater control regulation to protect
 48 water quality and control water quantity. A local government may adopt a stormwater
 49 management regulation pursuant to this Chapter, its charter, other applicable laws, or any
 50 combination of these powers.

1 (a1) Notwithstanding the authority granted under subsection (a) of this section, a local
2 government may not enact, implement, or enforce a local government stormwater control
3 regulation that establishes a stormwater control requirement that exceeds stormwater control
4 requirements necessary to comply with or implement (i) federal or State law, (ii) a condition of
5 a permit, certificate, or other approval issued by a federal agency, or (iii) a condition of a permit,
6 certificate, or other approval issued by a State agency, which condition is required to comply
7 with federal or State law governing stormwater standards. Further, any local government
8 stormwater control regulation that includes a riparian buffer requirement for the protection of
9 water quality shall be subject to the limitations established in G.S. 143-214.23A. Local
10 stormwater control regulations in effect on the date of this act in violation of the limitations of
11 this subsection are void and unenforceable.

12 (b) A federal, State, or local government project shall comply with the requirements of a
13 local government stormwater control regulation unless the federal, State, or local government
14 agency has a National Pollutant Discharge Elimination System (NPDES) stormwater permit that
15 applies to the project. A local government may take enforcement action to compel a State or local
16 government agency to comply with a stormwater control regulation that implements the NPDES
17 stormwater permit issued to the local government. To the extent permitted by federal law,
18 including Chapter 26 of Title 33 of the United States Code, a local government may take
19 enforcement action to compel a federal government agency to comply with a stormwater control
20 regulation.

21 (c) A local government may implement illicit discharge detection and elimination
22 controls, construction site stormwater runoff controls, and post-construction runoff controls
23 through an ordinance or other regulatory mechanism to the extent allowable under State law.

24 (d) A local government that holds an NPDES permit issued pursuant to G.S. 143-214.7
25 may adopt a regulation, applicable within its planning and development regulation jurisdiction,
26 to establish the stormwater control program necessary for the local government to comply with
27 the permit. A local government may adopt a regulation that bans illicit discharges within its
28 planning and development regulation jurisdiction. A local government may adopt a regulation,
29 applicable within its planning and development regulation jurisdiction, that requires (i) deed
30 restrictions and protective covenants to ensure that each project, including the stormwater
31 management system, will be maintained so as to protect water quality and control water quantity
32 and (ii) financial arrangements to ensure that adequate funds are available for the maintenance
33 and replacement costs of the project.

34 (e) Unless the local government requests the permit condition in its permit application,
35 the Environmental Management Commission may not require as a condition of an NPDES
36 stormwater permit issued pursuant to G.S. 143-214.7 that a city implement the measure required
37 by 40 Code of Federal Regulations § 122.34(b)(3)(1 July 2003 Edition) in its extraterritorial
38 jurisdiction."

39 **SECTION 12.16.(b)** G.S. 143-214.7 reads as rewritten:

40 "**§ 143-214.7. Stormwater runoff rules and programs.**

41 ...

42 (c) The Commission shall develop model stormwater management programs that may be
43 implemented by State agencies and units of local government. Model stormwater management
44 programs shall be developed to protect existing water uses and assure compliance with water
45 quality standards and classifications. A State agency or unit of local government may submit to
46 the Commission for its approval a stormwater control program for implementation within its
47 jurisdiction. To this end, State agencies may adopt rules, and units of local government are
48 authorized to adopt ordinances and regulations necessary to establish and enforce stormwater
49 control ~~programs~~ ~~programs~~; provided, however, ordinances and regulations adopted hereunder
50 shall be subject to the same limitations set forth in G.S. 160D-925. Units of local government are
51 authorized to create or designate agencies or subdivisions to administer and enforce the programs.

1 Two or more units of local government are authorized to establish a joint program and to enter
 2 into any agreements that are necessary for the proper administration and enforcement of the
 3 program.

4 ...

5 (d) The Commission shall review each stormwater management program submitted by a
 6 State agency or unit of local government and shall notify the State agency or unit of local
 7 government that submitted the program that the program has been approved, approved with
 8 modifications, or disapproved. The Commission shall approve a program only if it finds that the
 9 standards of the program ~~equal~~ equal, but do not exceed, those of the model program adopted by
 10 the Commission pursuant to this section.

11"

12 **SECTION 12.16.(c)** G.S. 143-214.23A reads as rewritten:

13 **"§ 143-214.23A. Limitations on local government riparian buffer requirements.**

14 (a) As used in this section:

- 15 (1) "Local government ordinance" means any action by a local government
 16 carrying the effect of law approved before or after October 1, 2015, whether
 17 by ordinance, comprehensive plan, policy, resolution, or other measure.
- 18 (2) "Protection of water quality" means nutrient removal, pollutant removal,
 19 stream bank protection, or protection of an endangered species as required by
 20 federal law.
- 21 (3) "Riparian buffer area" means an area subject to a riparian buffer requirement.
- 22 (4) "Riparian buffer requirement" means a landward setback from surface waters.

23 (b) Except as provided in this section, a local government may not enact, implement, or
 24 enforce a local government ordinance that establishes a riparian buffer requirement that exceeds
 25 riparian buffer requirements necessary to comply with or ~~implement~~ implement (i) federal or
 26 State ~~law or law,~~ law, (ii) a condition of a permit, certificate, or other approval issued by a federal or
 27 ~~State agency-agency,~~ State agency-agency, or (iii) a condition of a permit, certificate, or other approval issued by a
 28 State agency, which condition is required to comply with federal or State law governing
 29 stormwater standards.

30 ...

31 (d) A local government may request from the Commission the authority to enact,
 32 implement, and enforce a local government ordinance that establishes a riparian buffer
 33 requirement for the protection of water quality that exceeds riparian buffer requirements for the
 34 protection of water quality necessary to comply with or ~~implement~~ implement (i) federal or State
 35 ~~law or law,~~ law, (ii) a condition of a permit, certificate, or other approval issued by a federal or
 36 ~~agency-agency,~~ agency-agency, or (iii) a condition of a permit, certificate, or other approval issued by a
 37 State agency, which condition is required to comply with federal or State law governing stormwater
 38 standards. To do so, a local government shall submit to the Commission an application requesting
 39 this authority that includes the local government ordinance, including the riparian buffer
 40 requirement for the protection of water quality, scientific studies of the local environmental and
 41 physical conditions that support the necessity of the riparian buffer requirement for the protection
 42 of water quality, and any other information requested by the Commission. Within 90 days after
 43 the Commission receives a complete application, the Commission shall review the application
 44 and notify the local government whether the application has been approved, approved with
 45 modifications, or disapproved. The Commission shall not approve a local government ordinance
 46 that establishes a riparian buffer requirement for the protection of water quality unless the
 47 Commission finds that the scientific evidence presented by the local government supports the
 48 necessity of the riparian buffer requirement for the protection of water quality.

49"

50
 51 **RECONCILE TITLE V AIR QUALITY RULE EFFECTIVE DATE**

1 **SECTION 12.17.** Notwithstanding the time lines set forth in G.S. 150B-21.3 for the
2 effective date of rules, or any other provision of law pertaining to procedures for the adoption of
3 rules, 15A NCAC 02Q .0203 (Permit and Application Fees), as adopted by the Environmental
4 Management Commission on January 14, 2021, and approved by the Rules Review Commission
5 on February 18, 2021, shall take effect on May 1, 2021.

6 7 **SOUTHERN STATES ENERGY BOARD FUNDS**

8 **SECTION 12.18.(a)** G.S. 104D-3 reads as rewritten:

9 **"§ 104D-3. Submission of budgets of Board.**

10 (a) Pursuant to Article III(a) of the compact, the Board shall submit its budgets of
11 estimated expenditures to the Director of the Budget for presentation to the General Assembly.

12 (b) Each fiscal year, the Office of State Budget and Management shall pay the amount
13 necessary to cover the State's responsibility for the budgets of the Board as required by Article
14 III(b) of the compact. The Office shall transfer funds from the agency that administratively
15 houses the State Energy Office to meet the requirements prescribed under this section."

16 **SECTION 12.18.(b)** The Office of State Budget and Management (Office) shall
17 determine if arrears exist as to the amount owed to the Southern States Energy Board. If the
18 Office determines any arrears exist, then the Office shall pay the State's share owed for that fiscal
19 year and transfer funds from the agency that administratively housed the State Energy Office or
20 its equivalent during the fiscal year for which the arrearage is owed.

21 **SECTION 12.18.(c)** This section is effective July 1, 2021.

22 23 **CLARIFY EQIP FUNDING REQUIREMENTS**

24 **SECTION 12.19.(a)** Subsection 11(f) of S.L. 2020-79 reads as rewritten:

25 **"SECTION 11.(f) Maximum Share.** – Notwithstanding any provision of law to the contrary,
26 funds appropriated for a water resources development project shall be used to provide no more
27 than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies
28 to funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium
29 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds
30 for water resources development projects. The limitation on fund usage contained in this
31 subsection applies only to projects in which a local government or local governments participate.
32 This subsection shall not apply to, and there shall be no local match required for, the
33 Environmental Quality Incentives Program (EQIP). Furthermore, Section 36.3(e) of S.L.
34 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply
35 to funds made available as part of EQIP in any fiscal year, including prior years. For purposes of
36 this subsection, a single project shall consist of all the landowners and other participants under a
37 project design contract approved by the Natural Resource Conservation Service under the EQIP
38 program along a contiguous stretch of stream."

39 **SECTION 12.19.(b)** This section is effective when it becomes law.

40 41 **CARTERET WATER ACCESS DREDGING**

42 **SECTION 12.20.** Notwithstanding G.S. 143-215.73F, there shall be no match
43 required for funds appropriated by this act from the Shallow Draft Navigation Channel Dredging
44 and Aquatic Weed Fund to Carteret County for dredging at the Highway 24 Boat Ramp park in
45 Carteret County.

46 47 **AMEND DAM SAFETY EXEMPTION**

48 **SECTION 12.21.** G.S. 143-215.25A reads as rewritten:

49 **"§ 143-215.25A. Exempt dams.**

50 (a) Except as otherwise provided in this Part, this Part does not apply to any dam:

51 ...

1 (8) That is less than 20 feet in height or that has an impoundment capacity of less
2 than 15 acre-feet, when a qualified engineer who demonstrates to the
3 satisfaction of the Department experience in dam design conducts dam failure
4 analyses based on both storm-induced failure and normal weather geologic,
5 structural, or seismic failure scenarios and determines that the dam is not a
6 high hazard dam.

7 "

9 **PART XIII. LABOR**

11 **BE PRO BE PROUD**

12 **SECTION 13.1.(a)** Program Established; Purpose. – The Department of Labor shall
13 use the funds allocated in this act for the Be Pro Be Proud program to create, implement, operate,
14 and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development
15 pilot program. The program shall focus on generating student, parent, and educator interest in
16 technical professions within the construction, manufacturing, transportation, and utility
17 industries by emphasizing the high-tech, high-wage potential of these student career paths. The
18 program shall also support progress towards North Carolina's postsecondary attainment goals to
19 increase postsecondary degrees and certificates in the skilled trade professions.

20 **SECTION 13.1.(b)** Components of the Program. – In meeting the goals of the pilot
21 program, Be Pro Be Proud shall provide for at least the following:

- 22 (1) A custom-built mobile workshop that brings elements of up to 12 skilled
23 professions to middle and high school students through simulators and virtual
24 reality experiences. Students will learn about various careers, job
25 responsibilities, and average statewide wages for each career while stepping
26 virtually into these professions. Students may engage directly with partners
27 and will be invited to sign up to learn more about one or more professions of
28 interest.
- 29 (2) Information and data collection for students by setting up a digital profile on
30 Be Pro Be Proud's national "Join the Movement" partnership. With the
31 consent of parents and students participating in the mobile workshops, the data
32 collected shall be shared with the Community Colleges System Office,
33 Department of Public Instruction, Department of Commerce, myFutureNC
34 Commission, industry associations, and companies that are prompted to
35 connect with the potential student recruits. The database management system
36 shall provide a connection for student internships, scholarships,
37 apprenticeships, full-time jobs, and other opportunities.
- 38 (3) Follow-up opportunities for interested students to pursue their interests
39 through hands-on leadership opportunities, including gaining onsite learning
40 experiences, volunteering, and participating in networking opportunities with
41 potential job and postsecondary school recruiters.
- 42 (4) Motivation for interested educators to stay engaged through a combination of
43 outreach and professional development opportunities.
- 44 (5) Operation of the pilot program to coincide with the public school instructional
45 calendar and various events for students that take place throughout the
46 summer. A Be Pro Be Proud team shall operate the day-to-day functions of
47 the statewide tour and engage with students. Additional volunteers shall be
48 recruited to assist with the pilot program, including partner associations,
49 companies, and schools, as well as teachers, parents, and students.
- 50 (6) In collaboration with the N.C. Trucking Association, the operation,
51 implementation, and support for a workforce development program to

1 increase operators with commercial drivers licenses, transportation
2 dispatchers, and technicians across the State.

3 **SECTION 13.1.(c) Administration.** – The Department of Labor shall administer the
4 program from funds available to the Department and shall coordinate with other interested public
5 and private stakeholders to ensure the coordination of State efforts to develop a skilled trades
6 workforce.

7 **SECTION 13.1.(d) Retention of Funds.** – Notwithstanding G.S. 143C-1-2(b), funds
8 allocated in this act for the purposes set forth in this section shall not revert but shall remain
9 available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

10 **SECTION 13.1.(e) Report.** – The Department of Labor shall submit a report by April
11 1 of each year in which it spends State funds appropriated by this act on the Be Pro Be Proud
12 initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural
13 and Economic Resources and the Fiscal Research Division regarding the activities undertaken
14 with the funds appropriated by this section.

15 **PART XIV. NATURAL AND CULTURAL RESOURCES**

16 **DISPOSITION OF LAND AT CERTAIN HISTORIC SITES**

17 **SECTION 14.1.(a)** G.S. 146-30 reads as rewritten:

18 **"§ 146-30. Application of net proceeds.**

19 (a) The net proceeds of any disposition made in accordance with this Subchapter shall be
20 handled in accordance with the following priority:

- 21 (1) First, in accordance with the provisions of any trust or other instrument of title
22 whereby title to real property was acquired.
- 23 (2) Second, as provided by any other act of the General Assembly.
- 24 (3) Third, by depositing the net proceeds with the State Treasurer.

25 Nothing in this section, however, prohibits the disposition of any State lands by exchange for
26 other lands, but if the appraised value in fee simple of any property involved in the exchange is
27 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without
28 consultation with the Joint Legislative Commission on Governmental Operations.

29 ...

30 (d) Notwithstanding any other provision of this Subchapter, the following exceptions
31 apply:

32 ...

- 33 (11) Except as otherwise provided in this subsection, the net proceeds derived from
34 the sale of real property donated to the State and allocated to the Division of
35 State Historic Sites or the Division of State History Museums in the
36 Department of Natural and Cultural Resources shall be deposited in the State
37 Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used
38 in accordance with that section.
- 39 (12) The net proceeds derived from the sale of real property donated to the State
40 and allocated to the Tryon Palace Historic Site and Gardens in the Department
41 of Natural and Cultural Resources shall be deposited in the Tryon Palace
42 Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used
43 in accordance with that section.
- 44 (13) The net proceeds derived from the sale of real property from the Bentonville
45 Battlefield State Historic Site donated to the State and allocated to the
46 Division of State Historic Sites in the Department of Natural and Cultural
47 Resources shall be deposited in the Bentonville Battlefield Fund, created in
48 G.S. 121-7.5, and shall be used in accordance with that section.

1 (14) The net proceeds derived from the sale of real property from the North
2 Carolina Transportation Museum donated to the State and allocated to the
3 Department of Natural and Cultural Resources shall be deposited in the North
4 Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be
5 used in accordance with that section."

6 **SECTION 14.1.(b)** G.S. 121-7.7(a) reads as rewritten:

7 "(a) Fund. – The State Historic Sites and Museums Fund is created as a special,
8 interest-bearing revenue fund in the Division of State Historic Sites and the Division of State
9 History Museums. The Fund consists of all receipts derived from the lease or rental of property
10 or facilities, disposition of structures or products of the land, donations, gifts, devises, and
11 admissions and fees collected at the State Historic Sites, State History Museums, and Maritime
12 Museums. The Fund also consists of the net proceeds derived from the sale of real property
13 pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation,
14 interpretation, maintenance, preservation, development, and expansion of the individual State
15 Historic Site, State History Museum, and Maritime Museum where the receipts are generated.
16 The respective Division and the staff from each State Historic Site, State History Museum, and
17 Maritime Museum shall determine how the funds shall be used at that Historic Site, State History
18 Museum, and Maritime Museum."

19 **SECTION 14.1.(c)** G.S. 121-21.1 reads as rewritten:

20 "**§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

21 (a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a
22 special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites
23 and Gardens. The Fund shall be treated as a special trust ~~fund and shall be credited with interest~~
24 ~~by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund fund and shall be~~
25 ~~used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon~~
26 ~~Palace Historic Sites and Gardens.~~

27 (b) ~~Disposition of Fees. — All entrance fee receipts shall be credited to the Tryon Palace~~
28 ~~Historic Sites and Gardens Fund.~~ Fund Sources. – The Fund consists of (i) all revenues derived
29 from donations, gifts, devises, grants, admissions, and fees collected at the Tryon Palace Historic
30 Sites and Gardens, (ii) the net proceeds derived from the sale of real property pursuant to
31 G.S. 146-30(d)(12), and (iii) interest on funds in the Fund credited by the State Treasurer
32 pursuant to G.S. 147-69.2 and G.S. 147-69.3.

33 (c) Report. – The Tryon Palace Commission shall submit to the Joint Legislative
34 Oversight Committee on Agriculture and Natural and Economic Resources, the House of
35 Representatives Appropriations Committee on Agriculture and Natural and Economic
36 Resources, the Senate Appropriations Committee on Natural and Economic Resources,
37 Resources and the Fiscal Research Division by September 30 of each year a report on the Tryon
38 Palace Historic Sites and Gardens Fund that shall include the source and ~~amounts~~ amount of all
39 funds credited to the Fund and the purpose and amount of all expenditures from the Fund during
40 the prior fiscal year."

41 **SECTION 14.1.(d)** G.S. 121-7.5 reads as rewritten:

42 "**§ 121-7.5. Bentonville Battlefield Fund.**

43 (a) Fund. – The Bentonville Battlefield Fund is created as a ~~special~~ special,
44 interest-bearing, and nonreverting fund in the Department of Natural and Cultural Resources,
45 Division of State Historic Sites. ~~The interest earned by the Fund shall be credited to the Fund by~~
46 ~~the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be treated as a~~
47 special trust fund and shall be used for operation, interpretation, maintenance, preservation,
48 development, and expansion at Bentonville Battlefield State Historic Site.

49 (b) ~~Disposition of Fees. — Notwithstanding Chapter 146 of the General Statutes, all~~
50 ~~receipts derived from donations or the lease, rental, or other disposition of structures or products~~
51 ~~of the land owned by or under the supervision or control of the Division of Historic Sites in~~

1 ~~Johnston County shall be credited to the Fund.~~ Fund Sources. – Notwithstanding Chapter 146 of
 2 the General Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises,
 3 grants, admissions, and fees collected for the benefit of the Bentonville Battlefield State Historic
 4 Site, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13),
 5 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2
 6 and G.S. 147-69.3.

7 ~~(e) The monies credited to this Fund pursuant to this section are annually appropriated to~~
 8 ~~the Department of Natural and Cultural Resources.~~

9 (d) Report. – The Division of State Historic Sites shall submit to the Joint Legislative
 10 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
 11 Research Division by September 30 of each year a report on the Bentonville Battlefield Fund
 12 that shall include the source and amount of all funds credited to the Fund and the purpose and
 13 amount of all expenditures from the Fund during the prior fiscal year."

14 **SECTION 14.1.(e)** G.S. 121-7.6 reads as rewritten:

15 **"§ 121-7.6. North Carolina Transportation Museum special fund.**

16 (a) Fund Established. – The North Carolina Transportation Museum Fund is created as a
 17 special-special, interest-bearing, nonreverting enterprise fund in the Department of Natural and
 18 Cultural Resources. The Fund shall be treated as a special trust fund and shall be used to pay all
 19 costs associated with the operation, interpretation, development, expansion, preservation, and
 20 maintenance of the North Carolina Transportation Museum.

21 ~~(b) Monies Credited to the Fund. – Notwithstanding Chapter 146 of the General Statutes,~~
 22 ~~all receipts derived from the lease, rental, or other disposition of structures or products of the~~
 23 ~~land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited~~
 24 ~~to the Fund. The Fund shall be credited with interest by the State Treasurer pursuant to~~
 25 ~~G.S. 147-69.2 and G.S. 147-69.3.~~ Fund Sources. – Notwithstanding Chapter 146 of the General
 26 Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises, grants,
 27 admissions, and fees collected by or for the benefit of the North Carolina Transportation Museum
 28 Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14),
 29 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2
 30 and G.S. 147-69.3.

31 (c) Emergency Reserve. – The Department of Natural and Cultural Resources shall
 32 establish, out of existing unobligated funds including lapsed salaries and unobligated special
 33 funds, an emergency reserve fund in the amount of three hundred thousand dollars (\$300,000).
 34 Any use of the emergency reserve will require reimbursement from museum receipts.

35 (d) Audit. – The Fund shall be subject to the oversight of the State Auditor pursuant to
 36 Article 5A of Chapter 147 of the General Statutes. The Fund shall reimburse the State Auditor
 37 for the cost of any audit.

38 (e) Report. – The Department of Natural and Cultural Resources shall submit to the Joint
 39 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the
 40 Fiscal Research Division by September 30 of each year a report on the North Carolina
 41 Transportation Museum Fund that shall include the source and amount of all funds credited to
 42 the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal
 43 year."

44
 45 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**
 46 **CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING**
 47 **EXEMPTIONS**

48 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

49 **"§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

50 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department
 51 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules

1 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out
2 the provisions and purposes of this ~~Part.~~ Part, including the following:

- 3 (1) The U.S.S. North Carolina Battleship Commission is authorized and
4 empowered to adopt such rules ~~and regulations~~ not inconsistent with the
5 management responsibilities of the Secretary of the Department provided by
6 Chapter 143A of the General Statutes and laws of this State and this Chapter
7 that may be necessary and desirable for the operation and maintenance of the
8 U.S.S. North Carolina as a permanent memorial and exhibit commemorating
9 the heroic participation of the men and women of North Carolina in the
10 prosecution and victory of the Second World War and for the faithful
11 performance and fulfillment of its duties and obligations.
- 12 (2) The U.S.S. North Carolina Battleship Commission shall have the power and
13 duty to charge reasonable admission and related activity fees for admission to
14 the ship and to establish standards and adopt rules and regulations: (i)
15 establishing and providing for a proper charge for admission to the ship; and
16 ~~(ii)~~ for the maintenance and operation of the ship as a permanent memorial
17 and exhibit.
- 18 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the
19 provisions of this Chapter. The Commission is exempt from the requirements
20 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,
21 amending, or repealing rules for operating hours and admission fees or related
22 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~
23 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~
24 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~
25 ~~amount and purpose of a fee change within 30 days following its effective~~
26 ~~date."~~

27 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

28 "**§ 150B-1. Policy and scope.**

29 ...

30 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
31 following:

32 ...

- 33 (23) The Department of Natural and Cultural Resources with respect to operating
34 hours, admission fees—fees, or related activity fees at historic sites and
35 museums pursuant to G.S. 121-7.3.
- 36 (24) Tryon Palace Commission with respect to operating hours, admission fees
37 fees, or related activity fees pursuant to G.S. 143B-71.
- 38 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees
39 fees, or related activity fees pursuant to G.S. 143B-73.

40"

41
42 **ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS**

43 **SECTION 14.3.(a)** G.S. 143B-135.188(b) reads as rewritten:

44 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The
45 North Carolina Aquariums Fund shall be used for the following purposes with respect to the
46 aquariums and the pier operated by the Division of North Carolina Aquariums:

- 47 (1) Repair, renovation, expansion, maintenance, and educational exhibit
48 construction. Funds used for repair, renovation, and expansion projects may
49 be transferred to a capital projects fund to account for use of the funds for each
50 project.

- 1 (2) Payment of the debt service and lease payments related to the financing of
- 2 facility expansions, subject to G.S. 143B-135.190.
- 3 (3) Matching of private funds that are raised for these purposes.
- 4 (4) Marketing the North Carolina Aquariums."

5 **SECTION 14.3.(b)** G.S. 143B-135.209(a) reads as rewritten:

6 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina
7 Zoo Fund shall be used for the following types of projects and activities at the North Carolina
8 Zoological Park and to match private funds raised for these ~~types of projects~~:projects and
9 activities:

- 10 (1) Repair, renovation, expansion, maintenance, and educational exhibit
- 11 construction. Funds used for repair, renovation, and expansion projects may
- 12 be transferred to a capital projects fund to account for use of the funds for each
- 13 project.
- 14 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
- 15 support facilities (including greenhouses and temporary animal holding
- 16 areas).
- 17 (3) The acquisition, maintenance, or replacement of tram equipment as required
- 18 to maintain adequate service to the public.
- 19 (4) Marketing the North Carolina Zoological Park."

20 **INCREASE REPAIR AND RENOVATION PROJECT SPENDING CAP**

21 **SECTION 14.3A.(a)** G.S. 143B-135.188(d) reads as rewritten:

22 "(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums
23 Fund for repair and renovation projects at the aquariums-related facilities that comply with the
24 following:

- 25 (1) The total project cost is less than ~~three hundred thousand dollars~~
26 ~~(\$300,000)~~five hundred thousand dollars (\$500,000).
- 27"

28 **SECTION 14.3A.(b)** G.S. 143B-135.209(c) reads as rewritten:

29 "(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
30 repair and renovation projects at the North Carolina Zoological Park recommended by the
31 Council that comply with the following:

- 32 (1) The total project cost is less than ~~three hundred thousand dollars~~
33 ~~(\$300,000)~~five hundred thousand dollars (\$500,000).
- 34"

35 **NC TRANSPORTATION MUSEUM ROLLING STOCK**

36 **SECTION 14.3B.** No later than June 30, 2022, and notwithstanding Part 1 of Article
37 3A of Chapter 143 of the General Statutes, the Department of Natural and Cultural Resources
38 shall transfer to the North Carolina Transportation Museum Foundation any ownership interest
39 in the caboose marked RNCX 400500 currently located at the North Carolina Transportation
40 Museum.
41
42

43 **SYMPHONY CHALLENGE GRANT**

44 **SECTION 14.6.(a)** Of the funds appropriated in this act to the Office of State Budget
45 and Management – Special Appropriations, the sum of two million dollars (\$2,000,000) in
46 recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North
47 Carolina Symphony as provided in this section. It is the intent of the General Assembly that the
48 North Carolina Symphony raise at least five million dollars (\$5,000,000) in non-State funds for
49 the 2021-2022 fiscal year and five million dollars (\$5,000,000) in non-State funds for the
50 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the
51

1 organization's endowment to its operating budget to achieve the fundraising targets set out in
2 subsections (b) and (c) of this section.

3 **SECTION 14.6.(b)** For the 2021-2022 fiscal year, the North Carolina Symphony
4 shall receive allocations from the Office of State Budget and Management as follows:

- 5 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
6 funding, the North Carolina Symphony shall receive the sum of six hundred
7 thousand dollars (\$600,000).
- 8 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
9 non-State funding for a total amount of four million dollars (\$4,000,000) in
10 non-State funds, the North Carolina Symphony shall receive the sum of seven
11 hundred thousand dollars (\$700,000).
- 12 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in
13 non-State funding for a total amount of five million dollars (\$5,000,000) in
14 non-State funds, the North Carolina Symphony shall receive the final sum of
15 seven hundred thousand dollars (\$700,000) in the 2021-2022 fiscal year.

16 **SECTION 14.6.(c)** For the 2022-2023 fiscal year, the North Carolina Symphony
17 shall receive allocations from the Office of State Budget and Management as follows:

- 18 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
19 funding, the North Carolina Symphony shall receive the sum of six hundred
20 thousand dollars (\$600,000).
- 21 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
22 non-State funding for a total amount of four million dollars (\$4,000,000) in
23 non-State funds, the North Carolina Symphony shall receive the sum of seven
24 hundred thousand dollars (\$700,000).
- 25 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in
26 non-State funding for a total amount of five million dollars (\$5,000,000) in
27 non-State funds, the North Carolina Symphony shall receive the final sum of
28 seven hundred thousand dollars (\$700,000) in the 2022-2023 fiscal year.

30 **SUPPORT FOR NC TRAILS**

31 **SECTION 14.7.(a)** Fund Created. – The Complete the Trails Fund (CTF) is
32 established as a special fund within the Department of Natural and Cultural Resources. The Fund
33 consists of appropriations or allocations directed by the General Assembly to the Fund,
34 contributions, and grants from public or private sources. The CTF shall be administered by the
35 North Carolina Trails Program within the Division of Parks and Recreation. Funds appropriated
36 in this act to the Department for support of the North Carolina Trails System shall be allocated
37 to the CTF for the purpose of planning, construction, promotion, and maintenance of component
38 trails of the North Carolina Trails System. It is the intent of the General Assembly that, where
39 practicable, these activities be carried out through partnerships with local governments or
40 nonprofit organizations.

41 **SECTION 14.7.(b)** Eligible Activities. – Except as otherwise specified, funds
42 distributed under this section may be used for any of the following:

- 43 (1) Planning, design, and related environmental assessment or permitting
44 activities for natural surface trails and paddle trail facilities.
- 45 (2) Land and easement acquisition for natural surface and paddle trails.
- 46 (3) Construction or rehabilitation of natural surface trails, bridges and
47 boardwalks, and trail facilities such as trailheads and camping sites.
- 48 (4) Trail signage.
- 49 (5) Maintenance activities, including the installation of water bars, relocation of
50 eroded trail segments, and other activities that will mitigate or prevent future
51 erosion or deterioration of trails.

- 1 (6) Matching funds for federal grants provided to a local government or nonprofit
2 organization for any of the purposes set forth in this subsection.

3 **SECTION 14.7.(c)** Directive. – Wherever possible and appropriate, bridges,
4 boardwalks, signage, and other trail facilities shall follow standard designs and specifications as
5 the Department may specify.

6 **SECTION 14.7.(d)** Funding Requirements. – Funds appropriated by this act to the
7 State Capital and Infrastructure Fund and allocated to the Department of Natural and Cultural
8 Resources for the CTF shall be distributed as set forth in this subsection.

- 9 (1) Capacity building funds. – The sum of six hundred thousand dollars
10 (\$600,000) shall be used for capacity building grants to partner local
11 governments and nonprofit organizations. The Department shall identify
12 partners for activities identified in subsection (b) of this section and enter into
13 Memoranda of Understanding (MOUs) with those partners. Upon signing an
14 MOU with one or more partners for a component of the North Carolina Trails
15 System, the Department shall distribute fifty thousand dollars (\$50,000)
16 among the local governments or nonprofit organizations that have signed
17 MOUs for that component. Where there is more than one partner organization
18 for a trail component, the Department shall apportion the funds under this
19 subdivision based on relative scope of activity for which each partner
20 organization assumes responsibility in the MOU. Funds allocated by this
21 subdivision that are not spent or encumbered by June 30, 2023, shall be
22 reallocated at the Department's discretion among the uses described in
23 subdivisions (2) and (5) of this subsection.

- 24 (2) Development funds for land-based trails. – The sum of twenty-five million
25 one hundred thousand dollars (\$25,100,000) shall be distributed by the
26 Department in accordance with the partner organization MOUs developed
27 under subdivision (1) of this subsection for each component of the State Trail
28 System that is land-based, or has significant land-based components as
29 follows:

- 30 a. The Department shall distribute fifteen million one hundred
31 thousand dollars (\$15,100,000) to the partner organizations for
32 each land-based trail in proportion to the number of miles of
33 that trail not yet constructed. These funds may be used for any
34 of the purposes described in subdivisions (b)(2) through (b)(7)
35 of this section.
36 b. The Department shall use ten million dollars (\$10,000,000) to
37 provide grants for land or easement acquisition to partner
38 organizations identified as set forth in subdivision (1) of this
39 subsection.

40 Funds provided under this subdivision will be used only for trail development
41 activities in North Carolina.

- 42 (3) Funds for new paddle trails. – The sum of one million twenty-five thousand
43 dollars (\$1,025,000) shall be distributed by the Department in equal amounts
44 to the partner organizations for the Roanoke River Paddle Trail authorized by
45 subsection (g) of this section and for the Dan River Trail under the MOUs
46 developed under subdivision (1) of this subsection. With respect to segments
47 of the Dan River Trail that cross the boundary between the State and the
48 Commonwealth of Virginia, the partner organizations for the Dan River Trail
49 may expend trail development funds for the portions of those segments located
50 within the State if the Commonwealth of Virginia or other non-State of North
51 Carolina funding sources provide funding proportionate to the mileage of

1 those segments located in the Commonwealth of Virginia. Trails funded under
2 this subdivision are not eligible for funding under sub-subdivision (2)a. of this
3 subsection, but may apply for funds under sub-subdivision (2)b. of this
4 subsection.

5 (4) Development funds for existing paddle trails. – The sum of four hundred
6 twenty-five thousand dollars (\$425,000) shall be distributed by the
7 Department in equal amounts to the partners for the Yadkin River Paddle Trail
8 and the French Broad River Paddle Trail. These trails are not eligible for
9 additional funding under subdivision (2) of this subsection.

10 (5) Funds for connecting trails. – The sum of two million one hundred fifty
11 thousand dollars (\$2,150,000) shall be used to provide grants for planning and
12 development of connecting trails to eligible local governments. For purposes
13 of this subdivision, an "eligible local government" is a municipality that is (i)
14 less than 25,000 in population and (ii) is located within 6 miles of an existing
15 or planned segment of a component of the State Trails System. Two-thirds of
16 the funds allocated by this subdivision shall be reserved for municipalities
17 with a population less than 5,000 with no match required. The remaining funds
18 allocated by this subdivision shall be reserved for other eligible local
19 governments and shall be matched dollar for dollar with non-State funds.

20 (6) Saluda Grade study. – The Department shall use no more than two hundred
21 thousand dollars (\$200,000) of the funds allocated by subdivision (5) of this
22 subsection to contract with Conserving Carolina, a nonprofit corporation, to
23 study the feasibility and cost of conversion of the Saluda Grade rail corridor
24 in Polk County to provide a connecting trail from the Ecusta Trail to the
25 French Broad River Paddle Trail. Any funds remaining after completion of
26 the contract shall be used for the purposes described in subdivision (2) of this
27 subsection.

28 **SECTION 14.7.(e)** Administrative Expenses. – Of the funds appropriated to the CTF
29 by this act, the Department may use up to one percent (1%) for operating and administrative
30 expenses.

31 **SECTION 14.7.(f)** Reports. – The Department shall provide a report no later than
32 March 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and
33 Natural Resources and the Fiscal Research Division regarding any adjustments to the funding
34 allocations in this section needed to maximize progress towards completion of the State Trails
35 System. The Department shall also report annually no later than October 1 to the chairs of the
36 Joint Legislative Oversight Committee on Agriculture and Natural Resources and the Fiscal
37 Research Division on projects funded during the prior fiscal year. The report shall include a list
38 of projects grouped by State Trail System components and shall also include, at a minimum, the
39 project location, the amount of funding awarded, and project metrics such as feet of trail, number
40 of bridges, other trail facilities, or boardwalks constructed, acres of land acquired, or easements
41 obtained.

42 **SECTION 14.7.(g)** Authorize Roanoke River Paddle Trail. – The General Assembly
43 authorizes the Department of Natural and Cultural Resources to add the Roanoke River Paddle
44 Trail in Halifax, Northampton, Bertie, Martin, and Washington Counties to the State Parks
45 System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support,
46 promote, encourage, and facilitate the establishment of trail segments and facilities on State park
47 lands and on lands of other federal, State, local, and private landowners. On segments of the
48 Roanoke River Paddle Trail that cross or abut property controlled by agencies or owners other
49 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those
50 agencies or owners shall govern the use of the property. The State may receive donations of
51 appropriate land and may purchase other needed lands for the Roanoke River Paddle Trail with

1 existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal
2 Land and Water Conservation Fund, and other available sources of funding.

3
4 **GRANTS TO ADAPT OR CONSTRUCT PARKS FACILITIES FOR PERSONS WITH**
5 **DISABILITIES**

6 **SECTION 14.8.(a)** Grant Purposes. – Funds allocated in this act from the State
7 Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching
8 grants to local parks facilities for children with disabilities and veterans with disabilities shall be
9 used exclusively for grants to local government units or public authorities, as defined in
10 G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the
11 unique needs of children with disabilities and veterans with disabilities or that enable them to
12 participate in recreational and sporting activities, regardless of their abilities.

13 **SECTION 14.8.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56
14 to the contrary, a local government unit or public authority receiving a grant under this section
15 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five
16 dollars (\$5.00) of State funds.

17 **SECTION 14.8.(c)** Limitation. – Grants made under this section shall not exceed
18 five hundred thousand dollars (\$500,000) per project.

19
20 **AMERICAN INDIAN HERITAGE COMMISSION**

21 **SECTION 14.9.(a)** Article 2 of Chapter 143B of the General Statutes is amended by
22 adding a new Part to read:

23 "Part 30A. American Indian Heritage Commission.

24 **"§ 143B-135.5. American Indian Heritage Commission established.**

25 (a) Creation and Duties. – There is created the American Indian Heritage Commission in
26 the Department of Natural and Cultural Resources. The Commission shall advise and assist the
27 Secretary of Natural and Cultural Resources in the preservation, interpretation, and promotion of
28 American Indian history, arts, customs, and culture. The Commission shall have the following
29 powers and duties:

30 (1) Assist in the coordination of American Indian cultural events.

31 (2) Advise the Secretary of Natural and Cultural Resources on the oversight and
32 management of all State-managed American Indian historic sites.

33 (3) Promote public awareness of the annual American Indian Heritage Month
34 Celebration.

35 (4) Encourage American Indian cultural tourism throughout the State of North
36 Carolina.

37 (5) Advise the Secretary of Natural and Cultural Resources upon any matter the
38 Secretary may refer to it.

39 (b) Members. – The Commission shall consist of 12 members. The initial board shall be
40 selected on or before October 1, 2021, as follows:

41 (1) One representative recommended by each of the following tribes: Coharie,
42 Eastern Band of Cherokee Nation, Haliwa-Saponi, Lumbee, Meherrin,
43 Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan.

44 (2) One representative recommended by each of the following organizations:
45 Cumberland County Association for Indian People, Guilford Native American
46 Association, Metrolina Native American Association, and the Triangle Native
47 American Society.

48 (c) Terms. – The members recommended by the Coharie, Eastern Band of Cherokee
49 Nation, Haliwa-Saponi, and Lumbee Tribes and the members recommended by the Cumberland
50 County Association for Indian People and the Guilford Native American Association shall serve
51 initial terms of two years expiring on June 30, 2023. The members recommended by the

Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan Tribes and the members recommended by the Metrolina Native American Association and the Triangle Native American Society shall serve initial terms of three years expiring on June 30, 2024. Upon the expiration of the terms of the initial members of the Commission, each member shall be appointed to terms for three years and shall serve until a successor is appointed.

(d) Vacancies. – A vacancy shall be filled in the same manner as the original appointment. Appointees to fill vacancies shall serve the remainder of the unexpired term and until their successors have been duly appointed and qualified.

(e) Removal. – The Commission may remove a member for misfeasance, malfeasance, nonfeasance, or neglect of duty.

(f) Officers. – The chair shall be elected from among the membership. The Commission shall select its other officers from among the membership as it deems necessary. All officers serve for one year or until successors are qualified.

(g) Meetings; Quorum. – The Commission shall meet at least semiannually to conduct business. The Commission shall establish the procedures for calling, holding, and conducting regular and special meetings. A majority of Commission members shall constitute a quorum. The Department of Natural and Cultural Resources shall provide space for the Commission to meet.

(h) Compensation. – The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable.

(i) Staffing. – The Secretary of the Department of Natural and Cultural Resources shall be responsible for staffing the Commission."

SECTION 14.9.(b) This section is effective when it becomes law.

AUTHORIZE BAKERS LAKE STATE NATURAL AREA

SECTION 14.10.(a) The General Assembly authorizes the Department of Natural and Cultural Resources to add Bakers Lake State Natural Area in Bladen County to the State Parks System, as provided in G.S. 143B-135.54(b). The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands for the Bakers Lake State Natural Area with existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

SECTION 14.10.(b) This section is effective when it becomes law.

PART XV. WILDLIFE RESOURCES COMMISSION

ABANDONED AND DERELICT VESSELS

SECTION 15.1.(a) Funds appropriated in this act to the Wildlife Resources Commission and allocated for removal of abandoned and derelict vessels shall be used by the Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as amended by Section 4 of S.L. 2020-74.

SECTION 15.1.(b) The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in the waters of the State and upon the lands of the State and determine measures needed (i) to facilitate the identification of owners or other responsible persons for abandoned or derelict vessels for the purpose of requiring those persons to take responsibility for their vessels and (ii) in cases where no responsible owner may be found, to provide the State with adequate authority and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels. In its study, the Committee shall also consider the efficacy and need for new or revised insurance

1 requirements for private vessel owners and for enhancement to civil or criminal remedies with
2 respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the
3 2022 Regular Session of the 2021 General Assembly upon its convening.
4

5 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

6 **COLLECTION OF WORTHLESS CHECKS**

7 **SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
8 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
9 30, 2021, for the purchase or repair of office or information technology equipment during the
10 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks
11 Fund on June 30, 2022, for the purchase or repair of office or information technology equipment
12 during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial
13 Department shall report to the chairs of the House of Representatives and Senate Appropriations
14 Committees on Justice and Public Safety and the Office of State Budget and Management on the
15 equipment to be purchased or repaired and the reasons for the purchases.
16
17

18 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

19 **SECTION 16.2.(a)** Notwithstanding the minimum staffing number in
20 G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of
21 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate
22 positions allocated to that county. To provide accessibility for law enforcement and citizens, the
23 clerk of superior court's office shall provide some of the services traditionally provided by the
24 magistrates' office during some or all of the regular courthouse hours.
25

26 **SECTION 16.2.(b)** The Administrative Office of the Courts shall report by March
27 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and
28 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding
29 all hires made pursuant to subsection (a) of this section.
30

31 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS**

32 **SECTION 16.3.** No Transfer of Funds. – For each year of the 2021-2023 fiscal
33 biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney)
34 without the consent of the Conference of District Attorneys as communicated by the Conference's
35 Executive Director to the Administrative Office of the Courts.
36

37 **WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING**

38 **SECTION 16.4.(a)** G.S. 15A-145.9 is amended by adding a new subsection to read:
39 "(k) Costs Waived. – The costs of expunging the records shall not be taxed against the
40 petitioner."

41 **SECTION 16.4.(b)** This section becomes effective December 1, 2021, and applies
42 to expunction costs incurred on or after that date.
43

44 **ESTABLISH AND SUPPORT VETERANS TREATMENT COURT PILOT PROGRAMS**

45 **SECTION 16.5.(a)** Veterans Treatment Court Pilot Programs. – The Administrative
46 Office of the Courts, in coordination with the District Attorney's Offices in Cumberland County
47 and Onslow County, shall establish pilot programs that create Cumberland County and Onslow
48 County veterans treatment courts, as governed by Article 62 of Chapter 7A of the General
49 Statutes.

50 **SECTION 16.5.(b)** Report. – The Administrative Office of the Courts shall report
to the Joint Legislative Oversight Committee on Justice and Public Safety on the results of the

1 pilot programs established in this section no later than February 1 of each year following a year
 2 in which a pilot program receives funding from the State.

3 **SECTION 16.5.(c)** Policy. – It is the intent of the General Assembly that
 4 appropriations made in this act to aid Cumberland County and Onslow County to create and
 5 operate veterans treatment courts are made on a one-time basis for the 2022-2023 fiscal year and
 6 other funding sources should be sought to fund this program in future fiscal years.

7
 8 **MODIFY DISTRICT COURT JUDGE NUMBERS, DISTRICTS, AND RESIDENCY**
 9 **REQUIREMENTS AND ADD MAGISTRATES TO UNION COUNTY**

10 **SECTION 16.7.(a)** G.S. 7A-133(a) reads as rewritten:

11 "(a) Each district court district shall have the numbers of judges as set forth in the
 12 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4 3	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	6	Pitt
3B	6	Craven
		Pamlico
		Carteret
4	9	Sampson
		Duplin
		Jones
		Onslow
5	9	New Hanover
		Pender
6	4	Northampton
		Bertie
		Hertford
		Halifax
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	5	Granville
		(part of Vance
		see subsection
		(b))
		Franklin
		Person

1	9B	2	Warren
2			(part of Vance
3			see subsection (b))
4	10A	3	(part of Wake
5			see subsection (b))
6	10B	3	(part of Wake
7			see subsection (b))
8	10C	3	(part of Wake
9			see subsection (b))
10	10D	5	(part of Wake
11			see subsection (b))
12	10E	3	(part of Wake
13			see subsection (b))
14	10F	3	(part of Wake
15			see subsection (b))
16	11	11	Harnett
17			Johnston
18			Lee
19	12	10	Cumberland
20	13	6	Bladen
21			Brunswick
22			Columbus
23	14	7	Durham
24	15A	4	Alamance
25	15B	5	Orange
26			Chatham
27	16A	4	Scotland
28			Anson
29			Richmond
30	16B	6	Robeson
31	17A	4	Caswell
32			Rockingham
33	17B	4	Stokes
34			Surry
35	18	14	Guilford
36	19A	6	Cabarrus
37	19B	5	Randolph
38	19C	5	Rowan
39	19D	4	Hoke
40			Moore
41	20A	3	Montgomery
42			Stanly
43	20B	1	(part of Union
44			see subsection
45			(b))
46	20C	2	(part of Union
47			see subsection
48			(b))
49	20D	2	Union
50	21	11	Forsyth
51	22A	6	Alexander

1			Iredell
2	22B	6	Davidson
3			Davie
4	23	4	Alleghany
5			Ashe
6			Wilkes
7			Yadkin
8	24	4	Avery
9			Madison
10			Mitchell
11			Watauga
12			Yancey
13	25	10	Burke
14			Caldwell
15			Catawba
16	26	21	Mecklenburg
17	27A	7	Gaston
18	27B	6	Cleveland
19			Lincoln
20	28	7	Buncombe
21	29A	4	McDowell
22			Rutherford
23	29B	<u>45</u>	Henderson
24			Polk
25			Transylvania
26	30	6	Cherokee
27			Clay
28			Graham
29			Haywood
30			Jackson
31			Macon
32			Swain."

33 **SECTION 16.7.(b)** G.S. 7A-133, as amended by subsection (a) of this section, reads
 34 as rewritten:

35 "**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**
 36 **court, by counties.**

37 (a) Each district court district shall have the numbers of judges as set forth in the
 38 following table:

39 <u>District</u>	<u>Judges</u>	<u>County</u>
40 1	5	Camden
41		Chowan
42		Currituck
43		Dare
44		Gates
45		Pasquotank
46		Perquimans
47 2	3	Martin
48		Beaufort
49		Tyrrell
50		Hyde
51		Washington

1	3A	6	Pitt
2	3B	6	Craven
3			Pamlico
4			Carteret
5	4	9	Sampson
6			Duplin
7			Jones
8			Onslow
9	5	9	New Hanover
10			Pender
11	6	4	Northampton
12			Bertie
13			Hertford
14			Halifax
15	7	7	Nash
16			Edgecombe
17			Wilson
18	8	6	Wayne
19			Greene
20			Lenoir
21	9	5	Granville
22			(part of Vance
23			see subsection
24			(b))
25			Franklin
26			Person
27	9B	2	Warren
28			(part of Vance
29			see subsection (b))
30	10A	3	(part of Wake
31			see subsection (b))
32	10B	3	(part of Wake
33			see subsection (b))
34	10C	3	(part of Wake
35			see subsection (b))
36	10D	5	(part of Wake
37			see subsection (b))
38	10E	3	(part of Wake
39			see subsection (b))
40	10F	3	(part of Wake
41			see subsection (b))
42	11	11	Harnett
43			Johnston
44			Lee
45	12	10	Cumberland
46	13	6	Bladen
47			Brunswick
48			Columbus
49	14	7	Durham
50	15A	4	Alamance
51	15B	5	Orange

1			Chatham
2	16A	4	Scotland
3			Anson
4			Richmond
5	16B	6	Robeson
6	17A	4	Caswell
7			Rockingham
8	17B	4	Stokes
9			Surry
10	18	14	Guilford
11	19A	6	Cabarrus
12	19B	5	Randolph
13	19C	5	Rowan
14	19D	4	Hoke
15			Moore
16	20A	3	Montgomery
17			Stanly
18	20B	4	(part of Union
19			see subsection
20			(b))
21	20C	2	(part of Union
22			see subsection
23			(b))
24	20D <u>20B</u>	25 <u>25</u>	Union
25	21	11	Forsyth
26	22A	6	Alexander
27			Iredell
28	22B	6	Davidson
29			Davie
30	23	4	Alleghany
31			Ashe
32			Wilkes
33			Yadkin
34	24	4	Avery
35			Madison
36			Mitchell
37			Watauga
38			Yancey
39	25	10	Burke
40			Caldwell
41			Catawba
42	26	21	Mecklenburg
43	27A	7	Gaston
44	27B	6	Cleveland
45			Lincoln
46	28	7	Buncombe
47	29A	4	McDowell
48			Rutherford
49	29B	5	Henderson
50			Polk
51			Transylvania

1	30	<u>67</u>	Cherokee
2			Clay
3			Graham
4			Haywood
5			Jackson
6			Macon
7			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- 10 ...
- 11 (3) ~~District Court District 20C consists of the remainder of Union County not in~~
- 12 ~~District Court District 20B.~~
- 13 (4) ~~District Court District 20B consists of Precinct 01: Tract 204.01: Block Group~~
- 14 ~~2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062,~~
- 15 ~~Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block~~
- 16 ~~2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block~~
- 17 ~~2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block~~
- 18 ~~2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block~~
- 19 ~~2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block~~
- 20 ~~2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3:~~
- 21 ~~Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007,~~
- 22 ~~Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013,~~
- 23 ~~Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019,~~
- 24 ~~Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025,~~
- 25 ~~Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031,~~
- 26 ~~Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037,~~
- 27 ~~Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043,~~
- 28 ~~Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block~~
- 29 ~~4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block~~
- 30 ~~1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block~~
- 31 ~~1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block~~
- 32 ~~1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block~~
- 33 ~~1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block~~
- 34 ~~1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099,~~
- 35 ~~Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036,~~
- 36 ~~Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block~~
- 37 ~~4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1:~~
- 38 ~~Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018,~~
- 39 ~~Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block~~
- 40 ~~2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block~~
- 41 ~~2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block~~
- 42 ~~2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct~~
- 43 ~~08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group~~
- 44 ~~4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct~~
- 45 ~~34, Precinct 36, Precinct 43 of Union County.~~
- 46 ...

The names and boundaries of voting tabulation districts specified for Wake County, and Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those

1 reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census
 2 in the IVTD Version of the TIGER files.

3 ...
 4 (b8) The qualified voters of District Court District 30 shall elect all judges established for
 5 District 30 in subsection (a) of this section, but only persons who reside in Cherokee, Clay,
 6 Graham, or Macon County may be candidates for one of the judgeships.

7"
 8 **SECTION 16.7.(c)** G.S. 7A-133(c) reads as rewritten:

9 "(c) Each county shall have the numbers of magistrates and additional seats of district
 10 court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
Camden	3	
Chowan	3	
Currituck	3	
Dare	4	
Gates	2	
Pasquotank	4	
Perquimans	3	
Martin	3	
Beaufort	4	
Tyrrell	3	
Hyde	3.5	
Washington	3	
Pitt	10.5	Farmville Ayden
Craven	8	Havelock
Pamlico	3	
Carteret	6	
Sampson	5	
Duplin	4	
Jones	2	
Onslow	11	
New Hanover	11	
Pender	3.8	
Halifax	7	Roanoke Rapids, Scotland Neck
Northampton	3	
Bertie	3	
Hertford	3	
Nash	9	Rocky Mount
Edgecombe	7	Rocky Mount
Wilson	7	
Wayne	9	Mount Olive
Greene	3	
Lenoir	7	La Grange
Granville	5	
Vance	6	
Warren	3	
Franklin	4	
Person	4	

1	Caswell	3	
2	Wake	18.5	Apex, Wendell,
3			Fuquay-Varina,
4			Wake Forest
5	Harnett	8	Dunn
6	Johnston	10	Benson,
7			Clayton,
8			Selma
9	Lee	5	
10	Cumberland	19	
11	Bladen	3	
12	Brunswick	8	
13	Columbus	5	Tabor City
14	Durham	13	
15	Alamance	12	Burlington
16	Orange	7	Chapel Hill
17	Chatham	4	Siler City
18	Scotland	5	
19	Hoke	3	
20	Robeson	12	Fairmont,
21			Maxton,
22			Pembroke,
23			Red Springs,
24			Rowland,
25			St. Pauls
26	Rockingham	7	Reidsville,
27			Eden,
28			Madison
29	Stokes	3	
30	Surry	6	Mt. Airy
31	Guilford	24.4	High Point
32	Cabarrus	9	Kannapolis
33	Montgomery	3	
34	Randolph	9	Liberty
35	Rowan	9	
36	Stanly	5	
37	Union	<u>79</u>	
38	Anson	3	
39	Richmond	5	Hamlet
40	Moore	5	Southern
41			Pines
42	Forsyth	15	Kernersville
43	Alexander	3	
44	Davidson	8	Thomasville
45	Davie	3	
46	Iredell	9	Mooresville
47	Alleghany	2	
48	Ashe	3	
49	Wilkes	6	
50	Yadkin	3	
51	Avery	3	

1	Madison	3	
2	Mitchell	3	
3	Watauga	4	
4	Yancey	3	
5	Burke	5.6	
6	Caldwell	6	
7	Catawba	10	Hickory
8	Mecklenburg	26.50	
9	Gaston	17	
10	Cleveland	7	
11	Lincoln	5	
12	Buncombe	15	
13	Henderson	6.5	
14	McDowell	3	
15	Polk	3	
16	Rutherford	6	
17	Transylvania	3	
18	Cherokee	3	
19	Clay	2	
20	Graham	2	
21	Haywood	5	Canton
22	Jackson	3	
23	Macon	3	
24	Swain	3."	

25 **SECTION 16.7.(d)** The judicial residency requirement for District Court District 30
 26 created in subsection (b) of this section shall apply to the judgeship added to District Court
 27 District 30 in subsection (b) of this section.

28 **SECTION 16.7.(e)** Subsection (a) of this section becomes effective January 1, 2023,
 29 and elections conducted in 2022 shall be held accordingly. Subsection (c) of this section becomes
 30 effective January 1, 2022. The remainder of this section becomes effective January 1, 2025, and
 31 elections conducted in 2024 shall be held accordingly.

32
 33 **MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION**

34 **SECTION 16.8.** G.S. 7A-60(a1) reads as rewritten:

35 "(a1) **(Effective January 1, 2021 through December 31, 2022)** The counties of the State
 36 are organized into prosecutorial districts, and each district has the counties and the number of
 37 full-time assistant district attorneys set forth in the following table:

	<i>Prosecutorial</i>		<i>No. of Full-Time</i>
	<i>District</i>	<i>Counties</i>	<i>Asst. District</i>
			<i>Attorneys</i>
39	1	Camden, Chowan, Currituck,	12
40		Dare, Gates, Pasquotank,	
41		Perquimans	
42	2	Beaufort, Hyde, Martin,	8
43		Tyrrell, Washington	
44	3	Pitt	12 13
45	4	Carteret, Craven, Pamlico	13 14
46	5	Duplin, Jones, Onslow,	20
47		Sampson	
48	6	New Hanover, Pender	20
49	7	Bertie, Halifax, Hertford,	11

1		Northampton	
2	8	Edgecombe, Nash, Wilson	49 <u>20</u>
3	9	Greene, Lenoir, Wayne	45 <u>16</u>
4	10	Wake	42 <u>43</u>
5	11	Franklin, Granville, Person	45 <u>16</u>
6		Vance, Warren	
7	12	Harnett, Lee	12
8	13	Johnston	41 <u>12</u>
9	14	Cumberland	25
10	15	Bladen, Brunswick, Columbus	15
11	16	Durham	18
12	17	Alamance	12
13	18	Orange, Chatham	10
14	20	Robeson	13
15	21	Anson, Richmond, Scotland	9 <u>10</u>
16	22	Caswell, Rockingham	9
17	23	Stokes, Surry	8
18	24	Guilford	35 <u>39</u>
19	25	Cabarrus	10
20	26	Mecklenburg	58
21	27	Rowan	9
22	29	Hoke, Moore	9
23	28	Montgomery, Stanly	6
24	30	Union	11
25	31	Forsyth	27
26	32	Alexander, Iredell	43 <u>14</u>
27	33	Davidson, Davie	42 <u>13</u>
28	34	Alleghany, Ashe, Wilkes,	9
29		Yadkin	
30	35	Avery, Madison, Mitchell,	8
31		Watauga, Yancey	
32	36	Burke, Caldwell, Catawba	20 <u>21</u>
33	37	Randolph	10
34	38	Gaston	46 <u>17</u>
35	39	Cleveland,	13
36		Lincoln	
37	40	Buncombe	14
38	41	McDowell, Rutherford	8
39	42	Henderson, Polk, Transylvania	9 <u>10</u>
40	43	Cherokee, Clay, Graham,	43 <u>14</u>
41		Haywood, Jackson, Macon,	
42		Swain.	

(a1) **(Effective January 1, 2023)** The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

<i>Prosecutorial District</i>	<i>Counties</i>	<i>No. of Full-Time Asst. District Attorneys</i>
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12

1	2	Beaufort, Hyde, Martin,	8
2		Tyrrell, Washington	
3	3	Pitt	13
4	4	Carteret, Craven, Pamlico	14
5	5	Duplin, Jones, Onslow,	20
6		Sampson	
7	6	New Hanover, Pender	20
8	7	Bertie, Halifax, Hertford,	11
9		Northampton	
10	8	Edgecombe, Nash, Wilson	20
11	9	Greene, Lenoir, Wayne	16
12	10	Wake	43
13	11	Franklin, Granville, Person	16
14		Vance, Warren	
15	12	Harnett, Lee	12
16	13	Johnston	12
17	14	Cumberland	25
18	15	Bladen, Brunswick, Columbus	15
19	16	Durham	18
20	17	Alamance	12
21	18	Orange, Chatham	10
22	20	Robeson	13
23	21	Anson, Richmond, Scotland	10
24	22	Caswell, Rockingham	9
25	23	Stokes, Surry	8
26	24	Guilford	39
27	25	Cabarrus	10
28	26	Mecklenburg	58
29	27	Rowan	9
30	29	Hoke, Moore	9
31	28	Montgomery, Stanly	6
32	30	Union	11
33	31	Forsyth	27
34	32	Alexander, Iredell	14
35	33	Davidson, Davie	13
36	34	Alleghany, Ashe, Wilkes,	9
37		Yadkin	
38	35	Avery, Madison, Mitchell,	8
39		Watauga, Yancey	
40	36	Burke, Caldwell	10 11
41	37	Randolph	10
42	38	Gaston	17
43	39	Cleveland,	13
44		Lincoln	
45	40	Buncombe	14
46	41	McDowell, Rutherford	8
47	42	Henderson, Polk, Transylvania	10
48	43	Cherokee, Clay, Graham,	14
49		Haywood, Jackson, Macon,	
50		Swain , Swain	
51	44	Catawba	10 10."

1
2 **TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING**
3 **CONTINUANCES IN COURT CASES**

4 **SECTION 16.9.(a)** Section 2 of S.L. 2020-72 is repealed.

5 **SECTION 16.9.(b)** This section is effective when it becomes law.
6

7 **JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL**

8 **SECTION 16.10.(a)** G.S. 7A-343 is amended by adding a new subdivision to read:

9 "(17) Review requests for private counsel for the defense of a Judicial Department
10 official or employee. The Director may approve the expenditure of lapsed
11 salary savings to retain private counsel to provide litigation services for the
12 defense of an official or employee of the Judicial Department in any action
13 arising from conduct undertaken in the course of the official's or employee's
14 official duties and in which the Attorney General has declined to provide the
15 litigation services. For purposes of this subdivision, the terms "litigation
16 services" and "private counsel" are as defined in G.S. 147-17 and
17 G.S. 114-2.3."

18 **SECTION 16.10.(b)** G.S. 143C-6-9(b) reads as rewritten:

19 "(b) Lapsed salary savings shall not be used to pay for litigation services provided by
20 private counsel. As used in this subsection, litigation services and private counsel are as defined
21 in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services
22 provided by private counsel retained by the Judicial Department for the defense of an official or
23 employee of the Department in any action arising from conduct undertaken in the course of the
24 official's or employee's official duties and in which the Attorney General has declined to provide
25 the litigation services."

26 **SECTION 16.10.(c)** G.S. 114-2.3(a) reads as rewritten:

27 "(a) Every agency, institution, department, bureau, board, or commission of the State,
28 authorized by law to retain private counsel, shall obtain written permission from the Attorney
29 General prior to employing private counsel. This section does not apply to counties, cities, towns,
30 other municipal corporations or political subdivisions of the State, or any agencies of these
31 municipal corporations or political subdivisions, or to county or city boards of education. This
32 subsection does not apply to private counsel retained by the Judicial Department for the defense
33 of an official or employee of the Department in any action arising from conduct undertaken in
34 the course of the official's or employee's official duties and in which the Attorney General has
35 declined to provide the litigation services."

36 **SECTION 16.10.(d)** G.S. 147-17(a) reads as rewritten:

37 "(a) No department, officer, agency, institution, commission, bureau or other organized
38 activity of the State which receives support in whole or in part from the State shall employ private
39 counsel, except with the approval of the Governor. The Governor shall give his approval only if
40 the Attorney General has advised him, as provided in subsection (b) of this section, that it is
41 impracticable for the Attorney General to render the legal services. In any case or proceeding,
42 civil or criminal, in or before any court or agency of this State or any other state or the United
43 States, or in any other matter in which the State of North Carolina is interested, the Governor
44 may employ private counsel as he may deem proper or necessary to represent the interest of the
45 State, and may fix the compensation for their services, subject to the provisions of subsection
46 (c1) of this section. This subsection does not apply to private counsel retained by the Judicial
47 Department for the defense of an official or employee of the Department in any action arising
48 from conduct undertaken in the course of the official's or employee's official duties and in which
49 the Attorney General has declined to provide the litigation services."

50 **SECTION 16.10.(e)** This section is effective when it becomes law.
51

COURTHOUSE RESPONSIVENESS RESOURCES

SECTION 16.11. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine thousand one hundred seventy dollars (\$799,170) may be used to support up to 12.25 time-limited positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.

CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT SHOP

SECTION 16.12.(a) G.S. 7A-20(b) reads as rewritten:

"(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the State Treasurer. Charges to litigants for document management and the reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 16.12.(b) G.S. 7A-343.3 reads as rewritten:

"§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.

The Appellate Courts Printing and Computer Operations Fund is established within the Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly, interest and other investment income earned by the Fund shall be credited to it. All moneys collected through charges to litigants for document management and the reproduction of appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~ document management shop operations of the Supreme Court and the Court of Appeals, including personnel, maintenance, and capital costs. The Judicial Department may create and maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior to creating such new positions."

SECTION 16.12.(c) This section becomes effective October 1, 2021, and applies to services rendered on or after that date.

MODIFY TRIAL COURT COSTS

SECTION 16.15.(a) G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

1 ...
 2 (3b) ~~For the services, staffing, and operations of the Criminal Justice Education~~
 3 ~~and Training Standards Commission, the sum of three dollars (\$3.00) to be~~
 4 ~~remitted to the Department of Justice.~~

5 (3c) For legal representation to indigent defendants and others entitled to counsel
 6 under North Carolina law, the sum of ~~two~~ five dollars ~~(\$2.00)~~ (\$5.00) to be
 7 remitted to the Office of Indigent Defense ~~Services.~~ Services for the Private
 8 Assigned Counsel Fund.

9"

10 **SECTION 16.15.(b)** This section becomes effective December 1, 2021, and applies
 11 to costs assessed on or after that date.

12
 13 **ADD TRIAL COURT ADMINISTRATORS/COORDINATORS AND JUDICIAL**
 14 **ASSISTANTS/MODIFY RELATED PROVISIONS**

15 **SECTION 16.16.(a)** Article 29A of Chapter 7A of the General Statutes reads as
 16 rewritten:

17 "Article 29A.

18 "Trial Court Administrators.

19 **"§ 7A-355. Trial court administrators.**

20 The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court
 21 ~~administrators: Set of districts 10A, 10B, 10C, 10D; District 22 and District 28, and such other~~
 22 ~~districts or sets of districts as may be designated by the Administrative Office of the~~
 23 ~~Courts-administrators as set forth in the following table:~~

<u>Districts or Sets of Districts</u>	<u>County or Counties</u>
<u>Districts 3A and 3B</u>	<u>Pitt</u>
	<u>Carteret</u>
	<u>Craven</u>
	<u>Pamlico</u>
<u>Districts 5A, 5B, and 5C</u>	<u>Pender</u>
	<u>New Hanover</u>
<u>Districts 10A, 10B, 10C, 10D, 10E, and 10F</u>	<u>Wake</u>
<u>Districts 11A and 11B</u>	<u>Harnett</u>
	<u>Lee</u>
	<u>Johnston</u>
<u>Districts 12A, 12B, and 12C</u>	<u>Cumberland</u>
<u>Districts 14A and 14B</u>	<u>Durham</u>
<u>Districts 15A and 15B</u>	<u>Alamance</u>
	<u>Orange</u>
	<u>Chatham</u>
<u>Districts 18A, 18B, 18C, 18D, and 18E</u>	<u>Guilford</u>
<u>Districts 19A, 19B, 19C, and 19D</u>	<u>Cabarrus</u>
	<u>Randolph</u>
	<u>Rowan</u>
	<u>Hoke</u>
	<u>Moore</u>
<u>Districts 20A and 20B</u>	<u>Montgomery</u>
	<u>Stanly</u>
	<u>Union</u>
<u>Districts 21A, 21B, 21C, and 21D</u>	<u>Forsyth</u>
<u>Districts 22A and 22B</u>	<u>Alexander</u>
	<u>Iredell</u>

1		<u>Davidson</u>
2		<u>Davie</u>
3	<u>Districts 25A and 25B</u>	<u>Burke</u>
4		<u>Caldwell</u>
5		<u>Catawba</u>
6	<u>Districts 26A, 26B, 26C, 26D, 26E, 26F, 26G, and 26H</u>	<u>Mecklenburg</u>
7	<u>Districts 27A and 27B</u>	<u>Gaston</u>
8		<u>Cleveland</u>
9		<u>Lincoln</u>
10	<u>District 28</u>	<u>Buncombe</u>
11	<u>Districts 29A and 29B</u>	<u>McDowell</u>
12		<u>Rutherford</u>
13		<u>Henderson</u>
14		<u>Polk</u>
15		<u>Transylvania</u>

16 **"§ 7A-355.1. Selection.**

17 Trial court administrators shall be selected by the most tenured senior resident superior court
 18 judge within the district or set of districts within which a trial court administrator has been
 19 assigned under G.S. 7A-355, in consultation with the most tenured chief district court judge
 20 serving within that district or set of districts.

21 **"§ 7A-356. Duties.**

22 (a) The duties of each trial court administrator shall be to assist in managing civil dockets,
 23 to improve jury utilization and to perform such duties tasks as may be assigned by the senior
 24 resident superior court judge of his the trial court administrator's district or set of districts as
 25 defined in G.S. 7A-41.1(a) or by other judges designated by that senior resident superior court
 26 judge. G.S. 7A-41.1(a). The senior resident superior court judge may designate other judges of
 27 the General Court of Justice, including the chief district court judge of the trial court
 28 administrator's district or set of districts, the authority to assign duties to the trial court
 29 administrator.

30 (b) The duties of each trial court administrator shall equally serve the needs of each court
 31 of general jurisdiction and county within the district or set of districts that the trial court
 32 administrator serves.

33 (c) The duties assigned to each trial court administrator shall at a minimum include the
 34 following:

- 35 (1) Serving as the local courts appointee to committees, projects, and meetings at
 36 the local, State, and national level.
- 37 (2) Working directly with local court officials to initiate and coordinate
 38 discussion, identify district-wide problems, and recommend solutions when
 39 issues affecting a local court arise.
- 40 (3) Tracking, developing, and implementing national court trends to lead to a
 41 more efficient and effective local and statewide court system.
- 42 (4) Managing court facilities.
- 43 (5) Establishing and managing local court policies and rules.
- 44 (6) Planning and statistical reporting.
- 45 (7) Managing personnel.
- 46 (8) Serving as the local court's liaison with other governmental and private
 47 organizations, the press, and the public.

48 (d) No later than April 1 and October 1 of each year, each trial court administrator shall
 49 report to the Director of the Administrative Office of the Courts regarding the current state and
 50 needs of the trial court administrator's district or set of districts. The reports required by this
 51 subsection shall begin in the year 2022.

1 **"§ 7A-357. Minimum requirements.**

2 Trial court administrators shall at a minimum meet each of the following requirements:

- 3 (1) Possess a bachelor's degree or have equivalent years of judicial branch service
 4 in the field of court management.
 5 (2) Complete 15 hours of continuing judicial education or continuing legal
 6 education biannually."

7 **SECTION 16.16.(b)** Chapter 7A of the General Statutes is amended by adding a
 8 new Article to read:

9 "Article 29B.

10 "Trial Court Coordinators.

11 **"§ 7A-366. Trial court coordinators.**

12 (a) The following court management positions shall be allocated as a trial court
 13 coordinator pursuant to this section:

- 14 (1) Trial Court Coordinator.
 15 (2) Family Court Administrator I.
 16 (3) Family Court Administrator II.
 17 (4) Family Court Case Coordinators.
 18 (5) Any court manager classified as a Project Coordinator whose direct hiring
 19 authority is a senior resident superior court judge or chief district court judge
 20 in any judicial district of this State.

21 (b) All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a)
 22 shall have trial court coordinators in an amount that is consistent at a minimum with the ratio of
 23 judge to trial court coordinator in the following table:

24 Table of Staffing Ratio for Trial Court Coordinators.

<u>Superior Court Judge Allocation</u>	<u>Trial Court Coordinator Allocation</u>
<u>1</u>	<u>1</u>
<u>2-3</u>	<u>2</u>
<u>4-6</u>	<u>3.</u>

29 (c) All district court districts shall have trial court coordinators in an amount that is
 30 consistent at a minimum with the ratio of judge to trial court coordinator in the following table:

31 Table of Staffing Ratio for Trial Court Coordinators.

<u>District Court Judge Allocation</u>	<u>Trial Court Coordinator Allocation</u>
<u>1-3</u>	<u>1</u>
<u>4-6</u>	<u>2.</u>

35 (d) Superior court districts and sets of districts and district court districts that have more
 36 judges than are listed in the tables of subsections (b) and (c) of this section, respectively, shall be
 37 allocated an additional trial court coordinator for every three judges above the highest ratio
 38 provided in those subsections.

39 (e) Notwithstanding any other provision in this section, a superior court district or set of
 40 districts comprised of two or more counties shall at a minimum have two trial court coordinator
 41 positions allocated to the superior courts of that superior court district.

42 (f) Notwithstanding any other provision in this section, a district court district comprised
 43 of two or more counties shall at a minimum have two trial court coordinator positions allocated
 44 to the district courts of that judicial district.

45 **"§ 7A-367. Duties.**

46 (a) The duties of each trial court coordinator shall be to perform tasks as assigned or
 47 designated by the senior resident superior court judge for superior court, the chief district court
 48 judge for district court, and the trial court administrator, if any, serving in the same superior court
 49 district or set of districts or district court district as the trial court coordinator.

50 (b) The duties assigned to each trial court coordinator shall at a minimum include the
 51 following:

- 1 (1) Managing and supporting court programs such as mediation, arbitration, and
2 more.
- 3 (2) Managing the judge's office in the absence of the senior resident superior court
4 judge, chief district court judge, or trial court administrator.
- 5 (3) Serving as the point of contact to the public and counsel on behalf of any
6 superior court or district court judge for whom the trial court coordinator
7 serves.
- 8 (4) Serving as the point of contact for specific case information and
9 documentation regarding cases presided over by superior court or district
10 court judges for whom the trial court coordinator serves.
- 11 (5) Performing case management and calendaring functions as necessary to
12 maintain the status of all cases within the superior courts and district courts
13 served."

14 **SECTION 16.16.(c)** Chapter 7A of the General Statutes is amended by adding a new
15 Article to read:

16 "Article 29C.
17 "Judicial Assistants.

18 **"§ 7A-369. Judicial assistants.**

19 (a) The following judicial assistant positions shall be allocated pursuant to this section:

- 20 (1) Judicial Assistant I.
- 21 (2) Judicial Assistant II.

22 (b) All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a)
23 shall have judicial assistants in an amount that is consistent at a minimum with the ratio of judge
24 to judicial assistant in the following table:

25 Table of Staffing Ratio for Judicial Assistants.

26 <u>Superior Court Judge Allocation</u>	26 <u>Judicial Assistant Allocation</u>
27 <u>1</u>	27 <u>1</u>
28 <u>2-3</u>	28 <u>2</u>
29 <u>4-6</u>	29 <u>3.</u>

30 (c) All district court districts shall have judicial assistants in an amount that is consistent
31 at a minimum with the ratio of judge to judicial assistant in the following table:

32 Table of Staffing Ratio for Judicial Assistants.

33 <u>District Court Judge Allocation</u>	33 <u>Judicial Assistant Allocation</u>
34 <u>1-3</u>	34 <u>1</u>
35 <u>4-6</u>	35 <u>2.</u>

36 (d) Superior court districts and sets of districts and district court districts that have more
37 judges than are listed in the tables of subsections (b) and (c) of this section, respectively, shall be
38 allocated an additional judicial assistant for every three judges above the highest ratio provided
39 in those subsections.

40 **"§ 7A-370. Duties.**

41 The duties of each judicial assistant shall be to perform tasks as assigned or designated by
42 the senior resident superior court judge for superior court and the chief district court judge for
43 district court."

44
45 **EVIDENCE AND DISTRICT COURT SPEEDY TRIALS**

46 **SECTION 16.17.(a)** The General Assembly finds all of the following:

- 47 (1) All criminal defendants have the right to court proceedings free from
48 unreasonable delay, a right that is in jeopardy due to a perpetual district court
49 case backlog, one which has been exacerbated by the COVID-19 pandemic.

- 1 (2) All criminal defendants have the right to court proceedings free from
2 unreasonable delay, a right that is jeopardized when a district court case
3 backlog exists.
- 4 (3) The North Carolina court system is bifurcated into the district and superior
5 courts, and due to this bifurcation, the district courts function essentially as a
6 preliminary proceeding that assures that the prosecution of a criminal
7 defendant proceeds without the unreasonable delay that would be unavoidable
8 if the district courts did not exist.
- 9 (4) The bifurcation of the North Carolina court system provides a criminal
10 defendant with the unique opportunity to a "second bite of the apple" in the
11 defendant's case.
- 12 (5) In superior court a defendant may exercise the defendant's right to a trial by
13 jury, along with other rights, the exercise of which is unavailable in district
14 court.
- 15 (6) The legal protections from being placed twice in jeopardy for the same
16 conduct preclude the State from appealing an unfavorable outcome at trial in
17 district court.
- 18 (7) A criminal defendant in a case before the district court may request, prior to
19 trial, to have the case transferred to the superior court and may appeal to the
20 superior court for a trial de novo following a final disposition in district court,
21 retaining all rights that had previously been afforded the criminal defendant
22 in district court.
- 23 (8) Though preliminary in nature, a district court can issue a final and binding
24 disposition in a case before it.
- 25 (9) In a criminal proceeding in district court, the finder of fact is the district court
26 judge presiding over the proceeding, who is legally trained to weigh the
27 credibility, relevance, and veracity of evidence, including witness testimony.
- 28 (10) Simultaneous, two-way audio and video remote testimony in real time using
29 state of the art technology allows a defendant to observe and cross-examine a
30 witness, a district court judge to observe and question a witness to weigh the
31 credibility and veracity of the witness's testimony, and a witness to observe a
32 defendant against whom the witness is testifying.
- 33 (11) A witness in any court proceeding is one who, being duly sworn or affirmed,
34 testifies as to the witness's knowledge of specific facts relevant to the case for
35 which the witness testifies.
- 36 (12) A forensic or chemical analyst, and each person in the chain of custody of
37 evidence produced by the analyst, does not play a role in initiating a criminal
38 charge against a criminal defendant or in deciding whether or not to prosecute
39 a criminal defendant.
- 40 (13) The testimony of a forensic or chemical analyst is based upon objective,
41 scientifically based testing that allows the analyst to reach dispassionate
42 conclusions that may be presumed reliable and trustworthy.
- 43 (14) The testimony of a witness called to establish the chain of custody of evidence
44 is not adversarial in nature and merely conveys the fact of a ministerial
45 function performed by the witness in the course of the witness's work.
- 46 (15) In order to safeguard a criminal defendant's right to proceedings free from
47 unreasonable delay, it is reasonable and prudent to allow forensic and
48 chemical analysts, and each person in the chain of custody of evidence
49 produced by the analysts, to provide real-time, remote, two-way audio and
50 video testimony before the district courts of this State using state of the art
51 technology and equipment that enable the criminal defendant, the judge, and

1 the attorneys in the case to observe the demeanor of the forensic analyst
2 throughout the direct examination and cross-examination of the forensic
3 analyst and that enable the forensic analyst to likewise observe the demeanor
4 of the criminal defendant.

5 **SECTION 16.17.(b)** G.S. 8-58.20 reads as rewritten:

6 **"§ 8-58.20. Forensic analysis admissible as evidence.**

7 (a) In any criminal prosecution, a laboratory report of a written forensic analysis,
8 including an analysis of the defendant's DNA, or a forensic sample alleged to be the defendant's
9 DNA, as that term is defined in G.S. 15A-266.2(2), that states the results of the analysis and that
10 is signed and sworn to by the person performing the analysis ~~may~~shall be admissible in evidence
11 without the testimony of the analyst who prepared the report in accordance with the requirements
12 of this section.

13 ...

14 (g) Procedure for Establishing Chain of Custody of Evidence Subject to Forensic
15 Analysis Without Calling Unnecessary Witnesses. –

16 ...

17 Nothing in this subsection precludes the right of any party to call any ~~witness or witness,~~
18 except an analyst regarding the results of forensic testing and the testimony of each person in the
19 associated chain of custody made available via remote testimony in real time in district court
20 pursuant to G.S. 15A-1225.3. Nothing in this subsection precludes the right of any party to
21 introduce any evidence supporting or contradicting the evidence contained in the statement.

22"

23 **SECTION 16.17.(c)** G.S. 15A-1225.3 reads as rewritten:

24 **"§ 15A-1225.3. Forensic analyst remote testimony.**

25 (a) Definitions. – The following definitions apply to this section:

26 (1) Criminal proceeding. – Any hearing or trial in superior court in a prosecution
27 of a person charged with violating a criminal law of this State and any hearing
28 or proceeding conducted under Subchapter II of Chapter 7B of the General
29 Statutes where a juvenile is alleged to have committed an offense that would
30 be a criminal offense if committed by an adult.

31 (1a) District court proceeding. – Any hearing or trial in district court in a
32 prosecution of a person charged with violating a criminal law of this State.

33 (2) Remote testimony. – A method by which a forensic analyst testifies from a
34 location other than the location where the hearing or trial is being conducted
35 and outside the physical presence of a party or parties.

36 (b) ~~Remote Testimony Authorized in Real Time~~ Authorized for Criminal Proceeding. –

37 In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing
38 admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote
39 testimony if all of the following occur:

40 (1) The State has provided a copy of the report to the attorney of record for the
41 defendant, or to the defendant if that person has no attorney, as required by
42 G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full
43 laboratory report package provided to the district attorney.

44 (2) The State notifies the attorney of record for the defendant, or the defendant if
45 that person has no attorney, at least 15 business days before the proceeding at
46 which the evidence would be used of its intention to introduce the testimony
47 regarding the results of forensic testing into evidence using remote testimony.

48 (3) The defendant's attorney of record, or the defendant if that person has no
49 attorney, fails to file a written objection with the court, with a copy to the
50 State, at least five business days before the proceeding at which the testimony

1 will be presented that the defendant objects to the introduction of the remote
2 testimony.

3 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to
4 file a written objection as provided in this subsection, then the objection shall be deemed waived
5 and the analyst shall be allowed to testify by remote testimony.

6 (b1) Remote Testimony in Real Time Authorized in District Court. – In any district court
7 proceeding, the testimony of an analyst regarding the results of forensic testing admissible
8 pursuant to G.S. 8-58.20, and reported by that analyst, and the testimony of each person in the
9 associated chain of custody admissible pursuant to G.S. 8-58.20(g) shall be permitted by remote
10 testimony if each of the following occurs:

- 11 (1) The State has provided a copy of the report to the attorney of record for the
12 defendant, or to the defendant if that person has no attorney, as required by
13 G.S. 8-58.20(d) and (g). For purposes of this subdivision, "report" means the
14 full laboratory report package provided to the district attorney.
15 (2) The State notifies the attorney of record for the defendant, or the defendant if
16 that person has no attorney, at least 15 business days before the proceeding at
17 which the evidence would be used of its intention to introduce the testimony
18 regarding the results of forensic testing into evidence using remote testimony
19 in real time.

20 Nothing in this subsection shall be construed to determine the admissibility of evidence in a
21 criminal proceeding in superior court, including a trial de novo pursuant to G.S. 15A-1431.

22 (c) Testimony. – The method used for remote testimony authorized by this section shall
23 allow the trier of fact and all parties to observe the demeanor of the ~~analyst-remote witness~~ as the
24 ~~analyst-witness~~ testifies in a similar manner as if the ~~analyst-witness~~ were testifying in the location
25 where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney,
26 or the defendant if that person has no attorney, has a full and fair opportunity for examination
27 and cross-examination of the ~~analyst-witness~~.

28 (d) Nothing in this section shall preclude the right of any party to call any ~~witness-witness,~~
29 except an analyst regarding the results of forensic testing and the testimony of each person in the
30 associated chain of custody made available via remote testimony in real time in a district court
31 proceeding pursuant to subsection (b1) of this section.

32 (e) Nothing in this section shall obligate the Administrative Office of the Courts or the
33 State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of
34 funds for that purpose."

35 **SECTION 16.17.(d)** G.S. 20-139.1 reads as rewritten:

36 **"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary**
37 **provisions; controlled-drinking programs.**

38 ...

39 (c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the
40 North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department
41 Laboratory, or any other laboratory approved for chemical analysis by the Department of Health
42 and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in
43 any court, without further authentication and without the testimony of the analyst. For the
44 purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes,
45 but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting
46 from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

47 The results shall be certified by the person who performed the analysis. The provisions of
48 this subsection may be utilized in any administrative hearing, but can only be utilized in cases
49 tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court,
50 if:

1 (1) The State notifies the defendant no later than 15 business days after receiving
 2 the report and at least 15 business days before the proceeding at which the
 3 evidence would be used of its intention to introduce the report into evidence
 4 under this subsection and provides a copy of the report to the ~~defendant,~~
 5 ~~and~~ defendant.

6 (2) The defendant fails to file a written objection with the court, with a copy to
 7 the State, at least five business days before the proceeding at which the report
 8 would be used that the defendant objects to the introduction of the report into
 9 evidence.

10 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file
 11 a written objection as provided in this subsection, then the objection shall be deemed waived and
 12 the report shall be admitted into evidence without the testimony of the analyst. Upon filing a
 13 timely objection, the admissibility of the report shall be determined and governed by the
 14 appropriate rules of evidence.

15 If the proceeding at which the report would be introduced into evidence under this subsection
 16 is continued, the notice provided by the State, the written objection filed by the defendant, or the
 17 failure of the defendant to file a written objection shall remain effective at any subsequent
 18 calendaring of that proceeding.

19 The report containing the results of any blood or urine test may be transmitted electronically
 20 or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in
 21 any court or administrative hearing without further authentication. A copy of the report shall be
 22 sent to the charging officer, the clerk of superior court in the county in which the criminal charges
 23 are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

24 Nothing in this subsection precludes the right of any party to call any ~~witness~~ witness, except
 25 a chemical analyst in district court as provided in subsection (c6) of this section, or to introduce
 26 any evidence supporting or contradicting the evidence contained in the report.

27 ...

28 (c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary
 29 Witnesses. –

30 ...

31 (4) Nothing in this subsection precludes the right of any party to call any ~~witness~~
 32 ~~or~~ witness, except an analyst regarding the results of chemical testing and the
 33 testimony of each person in the associated chain of custody made available
 34 via remote testimony in real time in district court pursuant to subsection (c6)
 35 of this section. Nothing in this subsection precludes the right of any party to
 36 introduce any evidence supporting or contradicting the evidence contained in
 37 the statement.

38 ...

39 (c5) ~~The~~ Except as provided in subsection (c6) of this section, testimony of an analyst
 40 regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection
 41 (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as
 42 defined in G.S. 15A-1225.3, in all administrative hearings, and in any superior court if all of the
 43 following occur:

44 ...

45 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to
 46 file a written objection as provided in this subsection, then the objection shall be deemed waived
 47 and the analyst shall be allowed to testify by remote testimony.

48 The method used for remote testimony authorized by this subsection shall allow the trier of
 49 fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar
 50 manner as if the analyst were testifying in the location where the hearing or trial is being
 51 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person

1 has no attorney, has a full and fair opportunity for examination and cross-examination of the
2 analyst.

3 Nothing in this section shall preclude the right of any party to call any witness. Nothing in
4 this subsection shall obligate the Administrative Office of the Courts or the State Crime
5 Laboratory to incur expenses related to remote testimony absent an appropriation of funds for
6 that purpose.

7 (c6) The testimony of an analyst regarding the results of a chemical analysis of blood or
8 urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, and the
9 testimony of each person in the associated chain of custody admissible pursuant to subsection
10 (c3) of this section shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in
11 district court, if each of the following occurs:

12 (1) The State has provided a copy of the report to the attorney of record for the
13 defendant, or to the defendant if that person has no attorney, as required by
14 subsections (c1) and (c3) of this section.

15 (2) The State notifies the attorney of record for the defendant, or the defendant if
16 that person has no attorney, at least 15 business days before the proceeding at
17 which the evidence would be used of its intention to introduce the testimony
18 regarding the chemical analysis into evidence using remote testimony.

19 The method used for remote testimony authorized by this subsection shall allow the trier of
20 fact and all parties to observe the demeanor of the remote witness as the witness testifies in a
21 similar manner as if the witness were testifying in the location where the hearing or trial is being
22 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person
23 has no attorney, has a full and fair opportunity for examination and cross-examination of the
24 witness.

25 Nothing in this subsection shall obligate the Administrative Office of the Courts or the State
26 Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds
27 for that purpose.

28 Nothing in this subsection shall preclude the right of any party to call any witness, except an
29 analyst regarding the results of chemical testing and the testimony of each person in the
30 associated chain of custody made available via remote testimony in real time in district court
31 pursuant to this subsection.

32 ...

33 (e2) Except as governed by subsection (c1) or (c3) of this section, the State can only use
34 the provisions of subsection (e1) of this section if:

35 (1) The State notifies the defendant no later than 15 business days after receiving
36 the affidavit and at least 15 business days before the proceeding at which the
37 affidavit would be used of its intention to introduce the affidavit into evidence
38 under this subsection and provides a copy of the affidavit to the ~~defendant,~~
39 ~~and defendant.~~

40 ...

41 The failure to file a timely objection as provided in this subsection shall be deemed a waiver
42 of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into
43 evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility
44 of the report shall be determined and governed by the appropriate rules of evidence. The case
45 shall be continued until the analyst can be present. The criminal case shall not be dismissed due
46 to the failure of the analyst to appear, unless the analyst willfully fails to appear after being
47 ordered to appear by the court. If the proceeding at which the affidavit would be introduced into
48 evidence under this subsection is continued, the notice provided by the State, the written
49 objection filed by the defendant, or the failure of the defendant to file a written objection shall
50 remain effective at any subsequent calendaring of that proceeding.

1 Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party
2 to call any ~~witness or witness~~, except an analyst regarding the results of chemical testing and the
3 testimony of each person in the associated chain of custody made available via remote testimony
4 in real time in district court pursuant to subsection (c6) of this section. Nothing in subsection (e1)
5 or subsection (e2) of this section precludes the right of any party to introduce any evidence
6 supporting or contradicting the evidence contained in the affidavit.

7"

8 **SECTION 16.17.(e)** This section is effective when it becomes law and applies to
9 criminal proceedings, administrative hearings, and adjudicatory hearings in juvenile court
10 beginning on or after that date.

11 **MODIFY TRAVEL REIMBURSEMENT FOR APPELLATE JUDGES AND JUSTICES**

12 **SECTION 16.18.(a)** G.S. 7A-10(b1) reads as rewritten:

13 "(b1) In addition to the reimbursement for travel and subsistence expenses authorized by
14 subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent
15 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
16 the justice travels each ~~week-trip~~ to the City of Raleigh from the justice's home for business of
17 the court. The reimbursement authorized by this subsection shall be calculated for each justice
18 by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a
19 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
20 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station
21 for any justice of the Supreme Court whose permanent residence is at least 30 miles from the
22 City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the
23 Supreme Court shall be the county seat of the county in which the justice's permanent residence
24 is located at the time of election or appointment to the office of justice of the Supreme Court for
25 the purpose of determining eligibility for mileage reimbursement. If a justice who has previously
26 qualified for mileage reimbursement under this subsection relocates the justice's permanent
27 residence outside of the county of residence used in determining that justice's eligibility for
28 reimbursement under this subsection, that justice shall not be eligible for reimbursement for
29 mileage and the justice's duty station shall be Wake County."

30 **SECTION 16.18.(b)** G.S. 7A-18(a1) reads as rewritten:

31 "(a1) In addition to the reimbursement for travel and subsistence expenses authorized by
32 subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent
33 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
34 the judge travels each ~~week-trip~~ to the City of Raleigh from the judge's home for business of the
35 court. The reimbursement authorized by this subsection shall be calculated for each judge by
36 multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a
37 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
38 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station
39 for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the
40 City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the
41 Court of Appeals shall be the county seat of the county in which that judge's permanent residence
42 is located at the time of election or appointment to the office of judge of the Court of Appeals for
43 the purpose of determining eligibility for mileage reimbursement. If a judge who has previously
44 qualified for mileage reimbursement under this subsection relocates the judge's permanent
45 residence outside of the county of residence used in determining that judge's eligibility under this
46 subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty
47 station shall be Wake County."

48 **REQUEST FOR PROPOSALS FOR STATEWIDE DOMESTIC VIOLENCE VICTIM** 49 **NOTIFICATION PROGRAM**

1 **SECTION 16.19.(a)** Findings. – The General Assembly finds that the criminal
2 justice system faces many challenges, including high recidivism rates, increases in domestic
3 violence, escalated alcohol and drug offenses, overcrowding in prisons, backlogs of court cases,
4 and overall reduced public safety. It further finds that alcohol consumption, especially excessive
5 drinking, is a major contributor to the occurrence of domestic violence and increases the risk for
6 other violent offenses. It is the intent of the General Assembly that in order to combat these
7 unprecedented challenges, the Administrative Office of the Courts must have access to new
8 innovative technology, such as global positioning system (GPS) electronic monitoring.

9 **SECTION 16.19.(b)** Fund Creation. – There is established the Alternatives to
10 Pre-trial Detention Fund within the Judicial Department as a special revenue fund to be used to
11 create a statewide domestic violence notification system (Program) in accordance with the
12 product and service requirements established in subsections (c) and (d) of Section 4.2C of Session
13 Law 2020-80.

14 **SECTION 16.19.(c)** Criteria. – The Administrative Office of the Courts shall
15 consult, collaborate, and provide direction for the chief district court judges when developing the
16 Program. In accordance with the provisions of subsections (c) and (d) of Section 4.2C of Session
17 Law 2020-80, the Program provider shall also operate a 24-hour in-State call monitoring center
18 and shall offer victims access to a tangible GPS notification device that provides victims
19 instantaneous notification if the defendant or offender is within close proximity. The device shall
20 have the ability to automatically switch cellular networks, thus ensuring the device is not
21 dependent upon one particular cellular network provider. The Program shall also be accessible
22 and available for other specialty courts in the State.

23 **SECTION 16.19.(d)** Administrative. – Of the funds allocated to the Administrative
24 Office of the Courts in this act in the 2021-2022 fiscal year to be used for the Program, the
25 Administrative Office of the Courts may retain up to two hundred thousand dollars (\$200,000)
26 for administrative costs associated with the implementation of the Program. For the 2022-2023
27 fiscal year and subsequent fiscal years, the Administrative Office of the Courts may retain up to
28 two percent (2%) annually for administrative costs associated with the Program.

29 **SECTION 16.19.(e)** Report. – Beginning on October 1, 2022, and annually
30 thereafter, the Administrative Office of the Courts shall report to the chairs of the Joint
31 Legislative Oversight Committee on Justice and Public Safety on the results of the Program. The
32 report, at a minimum, shall include a percentage breakdown on the usage per case subject area
33 and any legislative recommendations for improving the Program.

34 35 **PART XVII. INDIGENT DEFENSE SERVICES**

36 37 **DEBT SETOFF MODIFICATION**

38 **SECTION 17.3.(a)** Notwithstanding the time limitations applicable to notice by a
39 State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send
40 between March of 2020 and February of 2021 for reasons beyond the control of the Office of
41 Indigent Defense Services, including the inability to obtain the information necessary to send the
42 notice, the Office may send notice to the debtor within 30 days of the date this section becomes
43 law; provided, the notice and rights afforded to the debtor otherwise complies with the
44 requirements of G.S. 105A-8.

45 **SECTION 17.3.(b)** This section is effective when this act becomes law.
46

47 **NEW PUBLIC DEFENDER DISTRICT 27B**

48 **SECTION 17.4.** G.S. 7A-498.7(a) reads as rewritten:

49 "(a) The following counties of the State are organized into the defender districts listed
50 below, and in each of those defender districts an office of public defender is established:

51 Defender District Counties

1	1	Camden, Chowan, Currituck,
2		Dare, Gates, Pasquotank,
3		Perquimans
4	3A	Pitt
5	3B	Craven, Pamlico, Carteret
6	5	New Hanover
7	10	Wake
8	12	Cumberland
9	14	Durham
10	15B	Orange, Chatham
11	16A	Scotland, Hoke
12	16B	Robeson
13	18	Guilford
14	21	Forsyth
15	26	Mecklenburg
16	27A	Gaston
17	<u>27B</u>	<u>Cleveland, Lincoln</u>
18	28	Buncombe
19	29A	McDowell, Rutherford
20	29B	Henderson, Polk, Transylvania

21 After notice to, and consultation with, the affected district bar, senior resident superior court
 22 judge, and chief district court judge, the Commission on Indigent Defense Services may
 23 recommend to the General Assembly that a district or regional public defender office be
 24 established. A legislative act is required in order to establish a new office or to abolish an existing
 25 office."
 26

27 **PART XVIII. JUSTICE**

28
 29 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

30 **SECTION 18.1.** Article 9 of Chapter 114 of the General Statutes is amended by
 31 adding a new section to read:

32 **"§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

33 The Department of Justice shall not hire sworn personnel to fill vacant positions in the North
 34 Carolina State Crime Laboratory. Nothing in this section shall be construed to require the
 35 termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel
 36 who are sworn and employed by the Laboratory as of the effective date of this section and who
 37 continue to meet the sworn status retention standards mandated by the North Carolina Criminal
 38 Justice Education and Standards Commission."
 39

40 **REQUIRE APPROVAL OF COUNCIL OF STATE PRIOR TO ATTORNEY GENERAL**
 41 **INTERVENING IN CERTAIN CASES**

42 **SECTION 18.3.(a)** G.S. 114-2 reads as rewritten:

43 **"§ 114-2. Duties.**

44 (a) Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be
 45 the duty of the Attorney General:

- 46 (1) ~~To~~ Subject to the condition set forth in subsection (b) of this section, to defend
 47 all actions in the appellate division in which the State shall be interested, or a
 48 party, and to appear for the State in any other court or tribunal in any cause or
 49 matter, civil or criminal, in which the State may be a party or interested. The
 50 duty to represent the State in criminal appeals shall not be delegated to any
 51 district attorney's office or any other entity.

- 1 ...
- 2 (8) Subject to the provisions of ~~G.S. 62-20~~:G.S. 62-20 and the condition set forth
- 3 in subsection (b) of this section:
- 4 a. To intervene, when ~~he~~ the Attorney General deems it to be advisable
- 5 in the public interest, in proceedings before any courts, regulatory
- 6 officers, agencies and bodies, both State and federal, in a
- 7 representative capacity for and on behalf of the using and consuming
- 8 public of this State. ~~He~~ The Attorney General shall also have the
- 9 authority to institute and originate proceedings before such courts,
- 10 officers, agencies or bodies and shall have authority to appear before
- 11 agencies on behalf of the State and its agencies and citizens in all
- 12 matters affecting the public interest.
- 13 b. Upon the institution of any proceeding before any State agency by
- 14 application, petition or other pleading, formal or informal, the outcome
- 15 of which will affect a substantial number of residents of North
- 16 Carolina, such agency or agencies shall furnish the Attorney General
- 17 with copies of all such applications, petitions and pleadings so filed,
- 18 and, when the Attorney General deems it advisable in the public
- 19 interest to intervene in such proceedings, ~~he~~ the Attorney General is
- 20 authorized to file responsive pleadings and to appear before such
- 21 agency either in a representative capacity in behalf of the using and
- 22 consuming public of this State or in behalf of the State or any of its
- 23 agencies.

24 ...

25 (b) Notwithstanding any provision of law to the contrary, the Attorney General shall not

26 intervene for, or otherwise participate on behalf of, the State in any ongoing proceeding before

27 an out-of-state or federal court, regulatory officer, agency, or body that does not involve the

28 recovery of damages or other relief by the State or a State department, agency, institution,

29 commission, or bureau, unless the intervention or other participation is approved by a majority

30 vote of the Council of State. Nothing in this subsection shall be construed as prohibiting the

31 Attorney General from participating in a proceeding before a court, regulatory officer, agency,

32 or body in which the State or a State department, agency, institution, commission, or bureau is a

33 party. For purposes of this subsection, the term "Attorney General" includes any attorney

34 employed by or contracting with the Department of Justice."

35 **SECTION 18.3.(b)** This section is effective when it becomes law and applies to

36 proceedings commenced on or after that date.

37

38 **ESTABLISH DATABASE OF LAW ENFORCEMENT OFFICER CERTIFICATION**

39 **ADVERSE RULINGS**

40 **SECTION 18.4.(a)** Article 1 of Chapter 17C of the General Statutes is amended by

41 adding a new section to read:

42 **"§ 17C-14. Database of law enforcement officer certification suspensions and revocations.**

43 The Commission shall develop and maintain a statewide database accessible to the public on

44 its website that contains all revocations and suspensions of law enforcement officer certifications

45 by the Commission."

46 **SECTION 18.4.(b)** Chapter 17E of the General Statutes is amended by adding a new

47 section to read:

48 **"§ 17E-14. Database of justice officer certification suspensions and revocations.**

49 The Commission shall develop and maintain a statewide database accessible to the public on

50 its website that contains all revocations and suspensions of justice officer certifications by the

51 Commission."

1 **SECTION 18.4.(c)** This section becomes effective October 1, 2021, and applies to
2 revocations and suspensions issued before, on, or after that date.

3
4 **REGULATE THE CREATION OF LAW ENFORCEMENT OFFICER DISCIPLINE**
5 **DATABASES**

6 **SECTION 18.4A.(a)** Subpart A of Part 4 of Article 13 of Chapter 143B of the
7 General Statutes is amended by adding a new section to read:

8 **"§ 143B-907. Public law enforcement database regulation.**

9 Unless specifically authorized to do so by an act of the General Assembly, no State agency
10 or political subdivision of the State may create or maintain a database that compiles and makes
11 available to the public information regarding disciplinary actions taken against law enforcement
12 officers."

13 **SECTION 18.4A.(b)** This section is effective when it becomes law and applies to
14 databases created before, on, or after that date.

15
16 **ESTABLISH LAW ENFORCEMENT OFFICER CRITICAL INCIDENT STATEWIDE**
17 **DATABASE**

18 **SECTION 18.5.(a)** G.S. 17C-2 reads as rewritten:

19 **"§ 17C-2. Definitions.**

20 Unless the context clearly otherwise requires, the following definitions apply in this Article:

21 ...

22 (3a) Critical incident. – An incident involving any use of force by a law
23 enforcement officer that results in death or serious bodily injury to a person.

24 "

25 **SECTION 18.5.(b)** Article 1 of Chapter 17C of the General Statutes is amended by
26 adding a new section to read:

27 **"§ 17C-15. Database for law enforcement officer critical incident information.**

28 (a) The Division shall develop and maintain a statewide database for use by law
29 enforcement agencies that tracks all critical incident data of law enforcement officers in North
30 Carolina.

31 (b) All law enforcement agencies in the State that employ personnel certified by the
32 Commission shall provide any information requested by the Division to maintain the database
33 required by subsection (a) of this section.

34 (c) Information collected under this section is not a public record as defined in
35 G.S. 132-1.

36 (d) Information collected under this section that is confidential under State or federal law
37 shall remain confidential.

38 (e) A law enforcement officer who is reported to the Division as having been involved in
39 a critical incident who disputes being involved in a critical incident has a right, prior to being
40 placed in the database, to request a contested case hearing regarding that determination pursuant
41 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

42 **SECTION 18.5.(c)** G.S. 17E-2 reads as rewritten:

43 **"§ 17E-2. Definitions.**

44 Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

45 ...

46 (4) "Critical incident" means an incident involving any use of force by a law
47 enforcement officer that results in death or serious bodily injury to a person."

48 **SECTION 18.5.(d)** Chapter 17E of the General Statutes is amended by adding a new
49 section to read:

50 **"§ 17E-15. Database for justice officer critical incident information.**

1 (a) The Division shall develop and maintain a statewide database for use by law
2 enforcement agencies that tracks all critical incident data of justice officers in North Carolina.

3 (b) All law enforcement agencies in the State that employ personnel certified by the
4 Commission shall provide any information requested by the Commission to maintain the
5 database required by subsection (a) of this section.

6 (c) Information collected under this section is not a public record as defined in
7 G.S. 132-1.

8 (d) Information collected under this section that is confidential under State or federal law
9 shall remain confidential.

10 (e) A law enforcement officer who is reported to the Division as having been involved in
11 a critical incident who disputes being involved in a critical incident has a right, prior to being
12 placed in the database, to request a contested case hearing regarding that determination pursuant
13 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

14 **SECTION 18.5.(e)** This section becomes effective October 1, 2021, and applies to
15 critical incidents on or after that date.

17 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM**

18 **SECTION 18.6.(a)** G.S. 17C-20 reads as rewritten:

19 **"§ 17C-20. Definitions.**

20 As used in this Article, the following definitions apply:

21 ...

22 (5) Eligible county. – A county with a population of less than ~~425,000~~ 150,000
23 according to the latest federal decennial census ~~or a county designated as a~~
24 ~~development tier one area pursuant to G.S. 143B-437.08, or both census.~~

25 "

26 **SECTION 18.6.(b)** G.S. 17C-22 reads as rewritten:

27 **"§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

28 ...

29 (b) Program Administrator. – The Director of the Division shall select a member of the
30 Division staff, with the consent of the Committee, to serve as the Program administrator. The
31 Program administrator will be responsible for all administrative duties and oversight of the
32 Program as established by the Committee. The Program administrator will conduct recruitment
33 efforts to include the following:

34 ...

35 (3) Target high school seniors who demonstrate an interest in ~~becoming~~ being
36 employed in ~~a~~ an eligible criminal justice ~~professionals~~ profession.

37 (4) Engage with employees of eligible criminal justice ~~professionals~~ professions
38 and leaders in eligible counties for input in the Program.

39 (5) Attend high school career days, job fairs, and other activities ~~in eligible~~
40 ~~counties~~ to recruit qualified individuals into the Program.

41 ...

42 (d) Eligibility Criteria. – An applicant must be domiciled in ~~an eligible county~~ this State
43 at the time of application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a
44 high school graduate or a high school senior who will graduate from high school by the end of
45 the current academic year, and demonstrate the intent upon completion of the Program to be
46 employed ~~as a~~ in an eligible criminal justice ~~professional~~ profession in an eligible county. An
47 applicant who has been convicted of any of the following is ineligible to receive a forgivable
48 loan:

49 ...

50 (h) Recipient Obligations. – A recipient must become and remain a full-time student at a
51 North Carolina community college in an Applied Associate Degree in Criminal Justice or in a

1 Committee-approved related field of study at all times during each of the recipient's two
2 academic years of community college study and pursue continuously studies that will qualify the
3 recipient to be employed in an eligible criminal justice profession upon graduation. The recipient
4 must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain
5 appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal
6 Justice or Committee-approved field of study within two years. The recipient must also accept
7 employment in an eligible county ~~as a~~ in an eligible criminal justice professional profession for
8 at least four out of five years following graduation. The Committee may adopt additional
9 recipient obligations it deems appropriate.

10"

11 **SECTION 18.6.(c)** G.S. 17C-23(b) reads as rewritten:

12 "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the
13 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or
14 Committee-approved field of study, the recipient is employed on a full-time basis for a period of
15 at least four years in an eligible county in an eligible criminal justice profession. The recipient
16 shall provide the Committee within 60 days of completion of the Program verification of the
17 recipient's intent to seek employment ~~as a~~ in an eligible criminal justice professional profession
18 in an eligible county. The recipient shall provide verification of employment to the Committee
19 each year until the obligation is satisfied. The Committee shall also forgive the loan if it finds
20 that it is impossible for the recipient to meet the terms of the loan, after or before graduation, due
21 to death or permanent disability of the recipient."

22 **SECTION 18.6.(d)** This section is effective when it becomes law and applies to
23 Criminal Justice Fellows Program applicants selected on or after that date.

24 **PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL**

25 **SECTION 18.7.(a)** G.S. 114-2.2 reads as rewritten:

26 "**§ 114-2.2. ~~Consent~~ Approval of consent judgments.**

27 ...

28
29 (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or
30 provision of the North Carolina Constitution, and the Speaker of the House of Representatives
31 and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General
32 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with
33 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official
34 capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly
35 approved by the Speaker of the House of Representatives and the President Pro Tempore of the
36 Senate, or by and through counsel of their choice, before the judgment may be entered.

37"

38 **SECTION 18.7.(b)** G.S. 114-2.4 reads as rewritten:

39 "**§ 114-2.4. Settlement agreements.**

40 ...

41 (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or
42 provision of the North Carolina Constitution, and the Speaker of the House of Representatives
43 and the President Pro Tempore of the Senate (i) have intervened on behalf of the General
44 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with
45 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official
46 capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or
47 other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved
48 by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or
49 by and through counsel of their choice, before the agreement may be entered.

50 (a3) In litigation in which the State is interested or is a party, no settlement agreement shall
51 be entered into by the State unless and no settlement agreement shall be binding on the State

1 except to the extent that the State's entire obligation for the current and for future fiscal years will
2 be satisfied with funds that are available for that purpose for the current fiscal year, including
3 funds that the Council of State agrees to allot from the Contingency and Emergency Fund,
4 provided that for payments of tort claims and workers' compensation claims it shall not be
5 binding on the State except to the extent that the State's entire obligation for the current and for
6 future fiscal years can be satisfied with funds that are available for the current fiscal year,
7 including funds that the Council of State agrees to allot from the Contingency and Emergency
8 Fund. The Director of the Budget shall report to the appropriation committees of the General
9 Assembly concerning all funds made available during the preceding fiscal year from the
10 Contingency and Emergency Fund for the purpose of carrying out settlement agreements.

11"

12 **SECTION 18.7.(c)** G.S. 163-22.2 reads as rewritten:

13 **"§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

14 In the event any portion of Chapter 163 of the General Statutes or any State election law or
15 form of election of any county board of commissioners, local board of education, or city officer
16 is held unconstitutional or invalid by a State or federal court or is unenforceable because of
17 objection interposed by the United States Justice Department under the Voting Rights Act of
18 1965 and such ruling adversely affects the conduct and holding of any pending primary or
19 election, the State Board of Elections shall have authority to make reasonable interim rules and
20 regulations with respect to the pending primary or election as it deems advisable so long as they
21 do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and
22 regulations shall become null and void 60 days after the convening of the next regular session of
23 the General Assembly. ~~The State Board of Elections shall also be authorized, upon~~
24 ~~recommendation of the Attorney General, to enter into agreement with the courts in lieu of~~
25 ~~protracted litigation until such time as the General Assembly convenes."~~

26 **SECTION 18.7.(d)** Subsections (a) and (b) of this section become effective October
27 1, 2021, and apply to disputes, claims, and controversies arising on or after that date. The
28 remainder of this section is effective when it becomes law and applies to rulings on or after that
29 date.

30 **INTENT TO MAXIMIZE EFFICIENCIES AT THE STATE CRIME LAB**

31 **SECTION 18.7A.(a)** It is the intent of the General Assembly to maximize
32 efficiencies at the State Crime Lab by funding timely testing through each of the following
33 methods:

- 34 (1) Increasing the number of forensic scientists on staff in order to more quickly
35 analyze new submissions of evidence and other items.
- 36 (2) Increasing the capacity of the State Crime Lab to contract with third-party
37 laboratories for the analysis of evidence and other items when the State Crime
38 Lab is unable to analyze a submission within 30 days of receipt.

39 **SECTION 18.7A.(b)** Nothing in this section shall be construed as appropriating
40 funds for the purposes set forth in this section.

41 **TRANSFER CRIMINAL JUSTICE INFORMATION NETWORK TO DOJ**

42 **SECTION 18.8.(a)** Chapter 114 of the General Statutes is amended by adding a new
43 Article 11, to be entitled "Criminal Justice Information."

44 **SECTION 18.8.(b)** The Criminal Justice Information Network Governing Board
45 shall be transferred to the Department of Justice as a Type II transfer. G.S. 143B-1390,
46 143B-1391, 143B-1392, 143B-1393, and 143B-1394 in Part 9 of Article 15 of Chapter 143B of
47 the General Statutes are recodified as G.S. 114-71, 114-71.1, 114-71.2, 114-71.3, and 114-71.4
48 in Article 11 of Chapter 114 of the General Statutes, as enacted by subsection (a) of this section.
49
50

1 (10) To exercise sole authority and control over employee positions allotted to the
2 Board, including the authority to establish qualifications, classification, and
3 salary levels for its employees and determine appropriate methods of
4 screening for candidates, interviewing, hiring, and day-to-day management of
5 Board employees.

6 ...
7 **"§ 114-71.4. Election of officers; meetings; staff, etc.**

8 ...
9 (b) The staff of the Criminal Justice Information Network shall provide the Board with
10 professional and clerical support and any additional support the Board needs to fulfill its mandate.

11 (c) ~~The Board's staff shall use space provided by the Department of Information~~
12 ~~Technology.~~ Department of Justice shall provide office space and administrative support for the
13 Board's staff and shall provide technical assistance to the Board at the request of the Board."

14 **SECTION 18.8.(d)** G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

15 **SECTION 18.8.(e)** G.S. 143B-1321(a)(30) reads as rewritten:

16 "(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN~~, and 911 Board."

17 **SECTION 18.8.(f)** G.S. 143B-1322(c)(19) reads as rewritten:

18 "(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN~~, and
19 911 Board."

20
21 **PART XIX. PUBLIC SAFETY**

22
23 **PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

24
25 **JPS GRANT REPORTING**

26 **SECTION 19A.1.(a)** Article 29 of Chapter 7A of the General Statutes is amended
27 by adding a new section to read:

28 **"§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

29 The Judicial Department shall report by May 1 of each year to the chairs of the House of
30 Representatives Appropriations Committee on Justice and Public Safety and the Senate
31 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
32 for receipt by the Department. The report shall include information on the amount of grant funds
33 received or preapproved for receipt by the Department, the use of the funds, the State match
34 expended to receive the funds, and the period to be covered by each grant. If the Department
35 intends to continue the program beyond the end of the grant period, the Department shall report
36 on the proposed method for continuing the funding of the program at the end of the grant period.
37 The Department shall also report on any information it may have indicating that the State will be
38 requested to provide future funding for a program presently supported by a local grant."

39 **SECTION 19A.1.(b)** Article 1 of Chapter 114 of the General Statutes is amended
40 by adding a new section to read:

41 **"§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

42 The Department of Justice shall report by May 1 of each year to the chairs of the House of
43 Representatives Appropriations Committee on Justice and Public Safety and the Senate
44 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
45 for receipt by the Department. The report shall include information on the amount of grant funds
46 received or preapproved for receipt by the Department, the use of the funds, the State match
47 expended to receive the funds, and the period to be covered by each grant. If the Department
48 intends to continue the program beyond the end of the grant period, the Department shall report
49 on the proposed method for continuing the funding of the program at the end of the grant period.
50 The Department shall also report on any information it may have indicating that the State will be
51 requested to provide future funding for a program presently supported by a local grant."

1 **SECTION 19A.1.(c)** Article 13 of Chapter 143B of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

4 The Department of Public Safety shall report by May 1 of each year to the chairs of the House
5 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
6 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
7 for receipt by the Department. The report shall include information on the amount of grant funds
8 received or preapproved for receipt by the Department, the use of the funds, the State match
9 expended to receive the funds, and the period to be covered by each grant. If the Department
10 intends to continue the program beyond the end of the grant period, the Department shall report
11 on the proposed method for continuing the funding of the program at the end of the grant period.
12 The Department shall also report on any information it may have indicating that the State will be
13 requested to provide future funding for a program presently supported by a local grant."
14

15 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

16 **SECTION 19A.2.(a)** Notwithstanding any other provision of law, and except as
17 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
18 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any
19 other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the
20 base budget for one or both fiscal years of the biennium.

21 **SECTION 19A.2.(b)** This section shall not apply to consolidation of information
22 technology positions into the Department of Information Technology pursuant to
23 G.S. 143B-1325.
24

25 **ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES**

26 **SECTION 19A.3.(a)** Of the two million seventy thousand dollars (\$2,070,000)
27 appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be
28 used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal
29 amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer, based
30 upon 2019 Certified County Population Estimates from the State Demographer in the Office of
31 State Budget and Management.

32 **SECTION 19A.3.(b)** Of the five million two hundred sixty-nine thousand dollars
33 (\$5,269,000) appropriated in this act to the Department of Public Safety in the 2022-2023 fiscal
34 year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in
35 equal amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer,
36 based upon 2019 Certified County Population Estimates from the State Demographer in the
37 Office of State Budget and Management.

38 **SECTION 19A.3.(c)** The grants provided to sheriffs' offices in this section shall be
39 used for expenses incurred by the offices from enforcing the laws of this State and carrying out
40 other duties set by law.
41

42 **INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS**

43 **SECTION 19A.4.(a)** Of the funds appropriated to the Department of Public Safety,
44 the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds in each
45 year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Sheriffs'
46 Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local
47 law enforcement agencies to investigate reports of internet crimes against children.

48 **SECTION 19A.4.(b)** The grant funds allocated under subsection (a) of this section
49 shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines
50 and procedures for the administration and distribution of grants to participating sheriffs' offices

1 and local law enforcement agencies. These guidelines and procedures shall include the following
2 requirements and limitations:

- 3 (1) The maximum grant amount shall not exceed seventy-five thousand dollars
4 (\$75,000) per recipient per fiscal year.
- 5 (2) Recipient agencies shall be required to enter into a memorandum of agreement
6 with the State Bureau of Investigation (SBI) governing the investigation of
7 internet crimes against children.

8 **SECTION 19A.4.(c)** The North Carolina Sheriffs' Association shall submit the
9 following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public
10 Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public
11 Safety, and to the Fiscal Research Division:

- 12 (1) No later than November 1, 2021, a report on the guidelines and procedures
13 that will govern distribution and administration of grant funds distributed
14 pursuant to this section.
- 15 (2) No later than August 1, 2022, a report on the grant funds distributed pursuant
16 to this section during the 2021-2022 fiscal year.
- 17 (3) No later than August 1, 2023, a report on the grant funds distributed pursuant
18 to this section during the 2022-2023 fiscal year.

19 **SECTION 19A.4.(d)** It is the intent of the General Assembly to strongly encourage
20 sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports
21 and tips regarding internet crimes against children and to consult with the SBI Computer Crimes
22 Unit and North Carolina Internet Crimes Against Children Task Force.

23 24 **CENTRAL ENGINEERING PRISON FACILITIES REPORT**

25 **SECTION 19A.5.(a)** The Department of Public Safety, Central Engineering Section,
26 shall report to the Joint Legislative Oversight Committee on Justice and Public Safety no later
27 than October 1, 2022, regarding the status of all Department of Public Safety prison facilities.
28 The report shall include at a minimum the following:

- 29 (1) Recommendations as to the repair and maintenance of each prison facility,
30 including itemized cost estimates.
- 31 (2) Recommendations as to the construction of any new prison facility, including
32 itemized cost estimates.
- 33 (3) Recommendations as to the closure of any prison facility.
- 34 (4) Recommendations as to the prioritization and chronological implementation
35 of projects recommended pursuant to this section.

36 **SECTION 19A.5.(b)** This section is effective when it becomes law.

37 38 **TRANSFER LAW ENFORCEMENT STANDARDS AND TRAINING TO THE** 39 **DEPARTMENT OF PUBLIC SAFETY**

40 41 **TRANSFER OF THE CRIMINAL JUSTICE EDUCATION AND TRAINING** 42 **STANDARDS COMMISSION AND RELATED PROVISIONS**

43 **SECTION 19A.6.(a)** The North Carolina Criminal Justice Education and Training
44 Standards Commission established in Chapter 17C of the General Statutes is transferred from the
45 Department of Justice to the Department of Public Safety. This transfer shall have all the elements
46 of a Type II transfer, as defined in G.S. 143A-6.

47 **SECTION 19A.6.(b)** The Criminal Justice Standards Division established in
48 G.S. 17C-9 is transferred from the Department of Justice to the Criminal Justice Standards
49 Division of the Department of Public Safety. This transfer shall have all the elements of a Type
50 II transfer, as defined in G.S. 143A-6.

- 1 (10) Formulate basic plans for and promote the development and improvement of
 2 a comprehensive system of education and training for the officers and
 3 employees of criminal justice agencies consistent with its rules and
 4 ~~regulations;~~regulations.
 5 (11) Maintain liaison among local, State and federal agencies with respect to
 6 criminal justice education and ~~training;~~training.
 7 (12) Promote the planning and development of a systematic career development
 8 program for criminal justice professionals.
 9

10 **"§ 17C-7. Functions of the ~~Department of Justice.~~Department of Public Safety.**

11 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance
 12 as the Commission shall require in the performance of its duties.

13 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all books,
 14 papers, documents, or other records and property of the Commission.
 15

16 **"§ 17C-9. Criminal Justice Standards Division of the Department of ~~Justice~~Public Safety**
 17 **established; appointment of director; duties.**

18 (a) There is hereby established, within the Department of ~~Justice,~~Public Safety, the
 19 Criminal Justice Standards Division, hereinafter called "the Division," which shall be organized
 20 and staffed in accordance with applicable laws and regulations and within the limits of authorized
 21 appropriations.

22 (b) The ~~Attorney General~~Commission shall appoint a director for the Division ~~chosen~~
 23 ~~from a list of three nominees submitted to him by the Commission~~ who shall be responsible to
 24 and serve at the pleasure of the ~~Attorney General and the Commission.~~

25 (c) The Division shall administer such programs as are assigned to it by the Commission.
 26 The Division shall also administer such additional related programs as may be assigned to it by
 27 the ~~Attorney General~~Commission or the General Assembly. Administrative duties and
 28 responsibilities shall include, but are not limited to, the following:

- 29 (1) Administering any and all programs assigned to the Division by the
 30 Commission and reporting any violations of or deviations from the rules and
 31 regulations of the Commission as the Commission may ~~require;~~require.
 32 (2) Compiling data, developing reports, identifying needs and performing
 33 research relevant to beneficial improvement of the criminal justice
 34 ~~agencies;~~agencies.
 35 (3) Developing new and revising existing programs for adoption consideration by
 36 the ~~Commission;~~Commission.
 37 (4) Monitoring and evaluating programs of the ~~Commission;~~Commission.
 38 (5) Providing technical assistance to relevant agencies of the criminal justice
 39 system to aid them in the discharge of program participation and
 40 ~~responsibilities;~~responsibilities.
 41 (6) Disseminating information on Commission programs to concerned ~~agencies~~
 42 ~~and/or individuals;~~agencies, individuals, or both.
 43 (7) Taking such other actions as may be deemed necessary or appropriate to carry
 44 out its assigned duties and ~~responsibilities;~~responsibilities.
 45 (8) The director may divulge any information in the Division's personnel file of a
 46 criminal justice officer or applicant for certification to the head of the criminal
 47 justice agency employing the officer or considering the applicant for
 48 employment when the director deems it necessary and essential to the
 49 retention or employment of said officer or applicant. The information may be
 50 divulged whether or not such information was contained in a personnel file
 51 maintained by a State or by a local government agency.

1"

2 **SECTION 19A.6.(d)** G.S. 74E-4 reads as rewritten:

3 **"§ 74E-4. Powers of Attorney General.**

4 The Attorney General has the following powers in addition to those conferred elsewhere in
5 this Chapter:

6 ...

7 (8) ~~To require that the Criminal Justice Standards Division provide administrative
8 support staff for the Company Police Program.~~

9"

10 **SECTION 19A.6.(e)** G.S. 74G-4 reads as rewritten:

11 **"§ 74G-4. Powers of Attorney General.**

12 The Attorney General has the following powers in addition to those conferred elsewhere in
13 this Chapter:

14 ...

15 (8) ~~To require that the Criminal Justice Standards Division provide administrative
16 support staff for the Campus Police Program.~~

17"

18 **SECTION 19A.6.(f)** G.S. 115D-5(b) reads as rewritten:

19 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
20 curricular courses and of noncurricular extension courses at convenient locations away from
21 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
22 portion of the established regular tuition rate charged a full-time student shall be charged a
23 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
24 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
25 registration fees, to be charged students enrolling in extension courses for which instruction is
26 financed primarily from State funds. The State Board of Community Colleges may provide by
27 general and uniform regulations for waiver of tuition and registration fees for the following:

28 ...

29 (2) Courses requested by the following entities that support the organizations'
30 training needs and are on a specialized course list approved by the State Board
31 of Community Colleges:

32 ...

33 j. The Criminal Justice Standards Division of the Department of ~~Justice~~
34 Public Safety for the training of criminal justice professionals, as
35 defined in G.S. 17C-20(6), who are required to be certified under (i)
36 Article 1 of Chapter 17C of the General Statutes and the rules of the
37 North Carolina Criminal Justice Education and Training Standards
38 Commission or (ii) Chapter 17E of the General Statutes and the rules
39 of the North Carolina Sheriffs' Education and Training Standards
40 Commission. The waivers provided for in this sub-subdivision apply
41 to participants and recent graduates of the North Carolina Criminal
42 Justice Fellows Program to obtain certifications for eligible criminal
43 justice professions as defined in G.S. 17C-20(6).

44"

45 **SECTION 19A.6.(g)** G.S. 143B-602 reads as rewritten:

46 **"§ 143B-602. Powers and duties of the Secretary of Public Safety.**

47 The Secretary of Public Safety shall have the powers and duties as are conferred on the
48 Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the
49 Secretary by the Constitution and laws of this State. These powers and duties include the
50 following:

51 ...

(8) Other powers and duties. – The Secretary has the following additional powers and duties:

...

i. To require that the Criminal Justice Standards Division provide administrative support staff for the Company Police Program established in Chapter 74E of the General Statutes.

j. To require that the Criminal Justice Standards Division provide administrative support staff for the Campus Police Program established in Chapter 74G of the General Statutes."

SECTION 19A.6.(h) G.S. 143A-55.1 is repealed.

SECTION 19A.6.(i) Subsections (a) through (h) of this section become effective October 1, 2021.

TRANSFER OF THE NORTH CAROLINA JUSTICE ACADEMY AND RELATED PROVISIONS

SECTION 19A.6.(j) The North Carolina Justice Academy established in Chapter 17D of the General Statutes is transferred from the Department of Justice to the North Carolina Justice Academy Section of the Division of Training of the Department of Public Safety. This transfer shall have all the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 19A.6.(k) Chapter 17D of the General Statutes reads as rewritten:

"Chapter 17D.

"North Carolina Justice Academy.

"§ 17D-1. Definitions.

As used in this Chapter, unless the context otherwise requires:

...

(2) "Academy property" means property that is owned or leased in whole or in part by the State of North Carolina and which is subject to the general management and control of the Department of ~~Justice~~Public Safety and is located in Salemburg, North Carolina, or at any other locations within the State which are dedicated to the use of the North Carolina Justice Academy subsequent to this Chapter being enacted.

...

(6) "Department" means the Department of ~~Justice~~Public Safety."

"§ 17D-2. Academy established; duties.

(a) The ~~North Carolina~~ Department of ~~Justice~~Public Safety shall establish a North Carolina Justice Academy.

(b) The Department of ~~Justice~~Public Safety shall employ the staff of the academy and direct its operations.

(c) ~~Duties of the academy.~~ The North Carolina Justice Academy shall have, but is not limited to, the following ~~functions;~~duties:

...

"§ 17D-3. Donations.

The Department of ~~Justice~~Public Safety may accept for any of its purposes and functions under this Article any and all donations, both real and personal, and grants of money from any governmental unit or public agency, or from any institution, person, firm or corporation. Any arrangements pursuant to this section shall be detailed in an annual report of the academy. Such reports shall include the identity of the donor, the nature of the transaction, and the conditions, if any. Any money received by the Department of ~~Justice~~Public Safety pursuant to this section shall be deposited in the State Treasury to the account of the academy. All moneys involved shall be subject to audit by the State Auditor.

1 **"§ 17D-4. Application of State highway and motor vehicles laws at the academy; authority**
 2 **of Department of ~~Justice~~-Public Safety to regulate traffic, etc.**

3 (a) Except as otherwise provided in this section, all of the provisions of Chapter 20 of the
 4 General Statutes relating to the use of highways of the State and the operation of vehicles thereon
 5 are applicable to all streets, alleys, driveways, and parking lots on academy property. Nothing in
 6 this section modifies any rights of ownership or control of academy property, now or hereafter
 7 vested in the State of North Carolina ex rel., Department of ~~Justice~~-Public Safety.

8 (b) The Department of ~~Justice~~-Public Safety may by ordinance prohibit, regulate, divert,
 9 control, and limit pedestrian or vehicular traffic and the parking of vehicles and other modes of
 10 conveyance on the campus. In fixing speed limits, the Department of ~~Justice~~-Public Safety is not
 11 subject to G.S. 20-141(f) or (g), but may fix any speed limit reasonable and safe under the
 12 circumstances as conclusively determined by the Department of ~~Justice~~-Public Safety. The
 13 Department of ~~Justice~~-Public Safety may not regulate traffic on streets open to the public as of
 14 right, except as specifically provided in this section.

15 (c) The Department of ~~Justice~~-Public Safety may by ordinance provide for the registration
 16 of vehicles maintained or operated on the campus by any student, faculty member, or employee
 17 of the academy and may fix fees for such registration. The ordinance may make it unlawful for
 18 any person to operate an unregistered vehicle on the campus when the vehicle is required by the
 19 ordinance to be registered.

20 (d) The Department of ~~Justice~~-Public Safety may by ordinance set aside parking lots on
 21 the campus for use by students, faculty, and employees of the academy and members of the
 22 general public attending schools, conferences, or meetings at the academy, visiting or making
 23 use of any academy facilities, or attending to official business with the academy. The Department
 24 of ~~Justice~~-Public Safety may issue permits to park in these lots and may charge a fee therefor.
 25 The Department of ~~Justice~~-Public Safety may also by ordinance make it unlawful for any person
 26 to park a vehicle in any lot or other parking facility without procuring the requisite permit and
 27 displaying it on the vehicle.

28 (e) The Department of ~~Justice~~-Public Safety may by ordinance provide for the issuance
 29 of stickers, decals, permits or other indicia representing the registration of vehicles or the
 30 eligibility of vehicles to park on the campus and may by ordinance prohibit the forgery,
 31 counterfeiting, unauthorized transfer, or unauthorized use of such stickers, decals, permits or
 32 other indicia.

33 ...

34 (g) An ordinance adopted under this section may provide that a violation will subject the
 35 offender to a civil penalty. Penalties may be graduated according to the seriousness of the offense
 36 or the number of prior offenses committed by the person charged. The Department of ~~Justice~~
 37 ~~Public Safety~~ may establish ~~procedure~~-procedures for the collection of these penalties and may
 38 enforce the penalties by civil action in the nature of debt. The Department of ~~Justice~~-Public Safety
 39 may also provide for appropriate administrative sanctions if an offender does not pay a validly
 40 due penalty or has committed repeated offenses. Appropriate administrative sanctions include,
 41 but are not limited to, revocation of parking permits, termination of vehicle registration, and
 42 termination or suspension of enrollment in or employment by the academy.

43 ...

44 (i) Evidence that a vehicle was found parked or unattended in violation of a ~~council~~
 45 ~~Department of Public Safety~~ ordinance is prima facie evidence that the vehicle was parked ~~by~~-
 46 ~~either~~:

- 47 (1) The person holding an academy parking permit for the ~~vehicle~~;vehicle.
 48 (2) If no academy parking permit has been issued for the vehicle, the person in
 49 whose name the vehicle is registered with the academy pursuant to subsection
 50 ~~(e)~~; or(c).
 51 ...

1 The rule of evidence established by this subsection applies only in civil, criminal, or
2 administrative actions or proceedings concerning violations of ordinances of the Department of
3 ~~Justice-Public Safety~~. G.S. 20-162.1 does not apply to such actions or proceedings.

4 (j) The Department of ~~Justice-Public Safety~~ shall cause to be posted appropriate notice
5 to the public of applicable traffic and parking restrictions.

6 (k) All ordinances adopted under this section shall be filed in the offices of the ~~North~~
7 ~~Carolina Attorney General~~ Secretary of Public Safety and the Secretary of State. The Department
8 of ~~Justice-Public Safety~~ shall provide for printing and distributing copies of its traffic and parking
9 ordinances.

10"

11 **SECTION 19A.6.(l)** G.S. 115C-105.55(b)(6) reads as rewritten:

12 "(6) A representative from the North Carolina Justice Academy appointed by the
13 ~~Attorney General~~ Secretary of Public Safety."

14 **SECTION 19A.6.(m)** The representative from the North Carolina Justice Academy
15 serving on the Task Force for Safer Schools established under G.S. 115C-105.55 as of the
16 effective date of this section shall serve the remainder of the person's term. Upon the expiration
17 of the person's term, or if a vacancy otherwise occurs for the position the representative is filling,
18 the Secretary of Public Safety shall appoint the representative to serve on the Task Force for
19 Safer Schools in accordance with G.S. 115C-105.55(b)(6), as amended by subsection (c) of this
20 section.

21 **SECTION 19A.6.(n)** Subpart G of Part 4 of Article 13 of Chapter 143B of the
22 General Statutes, as amended by subsection (u) of this section, is amended by adding a new
23 section to read:

24 "**§ 143B-993.2 Training; powers and duties.**

25 The Secretary of Public Safety shall have the power and duty to implement Chapter 17D of
26 the General Statutes and to manage and operate the Samarcan Training Academy."

27 **SECTION 19A.6.(o)** Subsections (j) through (n) of this section become effective
28 October 1, 2021.

30 **TRANSFER OF THE SHERIFFS' EDUCATION AND TRAINING STANDARDS** 31 **COMMISSION AND RELATED PROVISIONS**

32 **SECTION 19A.6.(p)** The North Carolina Sheriffs' Education and Training Standards
33 Commission established in Chapter 17E of the General Statutes is transferred from the
34 Department of Justice to the Department of Public Safety. This transfer shall have all the elements
35 of a Type II transfer, as defined in G.S. 143A-6.

36 **SECTION 19A.6.(q)** The Justice Officers' Standards Division established in
37 G.S. 17E-6 is transferred from the Department of Justice to the Justice Officers' Standards
38 Division of the Department of Public Safety. This transfer shall have all the elements of a Type
39 II transfer, as defined in G.S. 143A-6.

40 **SECTION 19A.6.(r)** Chapter 17E of the General Statutes reads as rewritten:

41 **"Chapter 17E.**

42 **"North Carolina Sheriffs' Education and Training Standards Commission.**

43 ...

44 "**§ 17E-2. Definitions.**

45 Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

46 ...

47 (3) "Justice officer" ~~means~~; means either:

- 48 a. A person who, through the special trust and confidence of the sheriff,
49 has taken the oath of office prescribed by Chapter 11 of the General
50 Statutes as a peace officer in the office of the sheriff. This term
51 includes "deputy sheriffs", "reserve deputy sheriffs", and "special

deputy sheriffs", but does not include clerical and support personnel not required to take an oath. The term "special deputy" means a person who, through appointment by the sheriff, becomes an unpaid criminal justice officer to perform a specific act directed by the ~~sheriff;~~
~~orsheriff.~~

- b. A person who, through the special trust and confidence of the sheriff, has been appointed as a detention officer by the ~~sheriff;~~
~~orsheriff.~~
- c. A person who is either the administrator or other custodial personnel of district confinement facilities as defined in G.S. 153A-219; however, nothing in this Chapter transfers any supervisory or administrative control over employees of district confinement facilities to the office of the ~~sheriff;~~
~~orsheriff.~~

...

"§ 17E-3. North Carolina Sheriffs' Education and Training Standards Commission established; members; terms; vacancies.

...

(d) Compensation. – None of the members of the Commission shall receive compensation for serving on the Commission. However, if the North Carolina Department of ~~Justice~~ Public Safety has funds available, then members of the Commission who are State officers or employees may be reimbursed for their expenses in accordance with G.S. 138-6; members of the Commission who are full-time salaried public officers or employees other than State officers or employees may be reimbursed for their expenses in accordance with G.S. 138-5(b). All other members of the Commission may receive compensation and reimbursement for expenses in accordance with G.S. 138-5.

...

"§ 17E-4. Powers and duties of the Commission.

(a) The Commission shall have the following powers, duties, and responsibilities, which are enforceable through its rules and regulations, certification procedures, or the provisions of G.S. 17E-8 and G.S. 17E-9:

- (1) Promulgate rules and regulations for the administration of this Chapter, which rules may require (i) the submission by any agency of information with respect to the employment, education, and training of its justice officers, and (ii) the submission by any training school of information with respect to its programs that are required by this ~~Chapter;~~Chapter.
- ...
- (3) Certify, pursuant to the standards that it may establish for the purpose, persons as qualified under the provisions of this Chapter who may be employed at entry level as ~~officers;~~officers.
- (4) Establish minimum standards for the certification of training schools and programs or courses of instruction that are required by this ~~Chapter;~~Chapter.
- (5) Certify, pursuant to the standards that it has established for the purpose, training schools and programs or courses of instruction that are required by this ~~Chapter;~~Chapter.
- (6) Establish standards and levels of education or equivalent experience for teachers who participate in programs or courses of instruction that are required by this ~~Chapter;~~Chapter.
- (7) Certify, pursuant to the standards that it has established for the purpose, teachers who participate in programs or courses of instruction that are required by this ~~Chapter;~~Chapter.
- (8) Investigate and make such evaluations as may be necessary to determine if agencies are complying with the provision of this ~~Chapter;~~Chapter.

- 1 (9) Adopt and amend bylaws, consistent with law, for its internal management
2 and ~~control~~;control.
- 3 (10) Enter into contracts incident to the administration of its authority pursuant to
4 this ~~Chapter~~;Chapter.
- 5 ...
- 6 (b) The Commission shall have the following powers, which shall be advisory in nature
7 and for which the Commission is not authorized to undertake any enforcement actions:
- 8 (1) Certify, pursuant to the standards that it has established for the purpose, justice
9 officers for those law-enforcement agencies that elect to comply with the
10 minimum education, training, and experience standards established by the
11 Commission for positions for which advanced or specialized training,
12 education, and experience are ~~appropriate~~;appropriate.
- 13 (2) Consult and cooperate with counties, agencies of this State, other
14 governmental agencies, and with universities, colleges, junior colleges, and
15 other institutions, public or private, concerning the development of training
16 schools and programs or courses of ~~instruction~~;instruction.
- 17 (3) Study and make reports and recommendations concerning justice education
18 and training in North ~~Carolina~~;Carolina.
- 19 (4) Conduct and stimulate research by public and private agencies which shall be
20 designed to improve education and training in the administration of
21 ~~justice~~;justice.
- 22 (5) Study, obtain data, statistics, and information and make reports concerning the
23 recruitment, selection, education and training of persons serving justice
24 agencies in this State; to make recommendations for improvement in methods
25 of recruitment, selection, education and training of persons serving sheriffs'
26 ~~departments~~;departments.
- 27 (6) Study and make reports and recommendations to the Governor, Attorney
28 General, Secretary of Public Safety, Chief Justice, President of the Senate and
29 Speaker of the House, concerning the manpower, salary and equipment needs
30 of the sheriffs of the ~~State~~;State.
- 31 (7) Make recommendations concerning any matters within its purview pursuant
32 to this ~~Chapter~~;Chapter.
- 33 (8) Appoint such advisory committees as it may deem ~~necessary~~;necessary.
- 34 (9) Do such things as may be necessary and incidental to the administration of its
35 authority pursuant to this ~~Chapter~~;Chapter.
- 36 (10) Formulate basic plans for and promote the development and improvement of
37 a comprehensive system of education and training for the officers and
38 employees of agencies consistent with its rules and ~~regulations~~;regulations.
- 39 (11) Maintain liaison among municipal, State and federal agencies with respect to
40 education and ~~training~~;training.
- 41 ...

42 **"§ 17E-5. Functions of the Department of Justice.Public Safety.**

43 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance
44 as the Commission shall require and direct in the performance of its duties.

45 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all
46 books, papers, documents, or other records and property of the Commission.

47 **"§ 17E-6. Justice Officers' Standards Division established; appointment of director; duties.**

48 (a) There is hereby established, within the Division of Administration of the Department
49 of Justice,~~Public Safety~~, the Justice Officers' Standards Division hereinafter called "the
50 Division," which shall be organized and staffed in accordance with applicable laws and
51 regulations and within the limits of authorized appropriations.

1 (b) The ~~Attorney General Commission~~ shall appoint a director for the Division ~~chosen~~
2 ~~from a list of nominees submitted to him by the Commission~~ who shall be responsible to and
3 serve at the pleasure of the ~~Attorney General and the Commission~~.

4 (c) The Division shall administer such programs as are assigned to it by the Commission.
5 Administrative duties and responsibilities shall include, but are not limited to, the following:

- 6 (1) Administering any and all programs assigned to the Division by the
7 Commission and reporting any violations of or deviations from the rules and
8 regulations of the Commission as the Commission may ~~require~~; require.
- 9 (2) Compiling data, developing reports, identifying needs and performing
10 research relevant to improvement of the ~~agencies~~; agencies.
- 11 (3) Developing new and revising existing programs for adoption consideration by
12 the ~~Commission~~; Commission.
- 13 (4) Monitoring and evaluating programs of the ~~Commission~~; Commission.
- 14 (5) Providing technical assistance to agencies of the justice system to aid them in
15 the discharge of program participation and ~~responsibilities~~; responsibilities.
- 16 (6) Disseminating information on Commission programs to concerned agencies
17 or ~~individuals~~; individuals.
- 18 (7) Taking such other actions as may be deemed necessary or appropriate to carry
19 out its assigned duties and ~~responsibilities~~; responsibilities.
- 20 (8) The director may divulge any information in the Division's personnel file of a
21 justice officer or applicant for certification to the head of the department
22 employing the officer or considering the applicant for employment when the
23 director deems it necessary and essential to the retention or employment of
24 ~~said the~~ officer or applicant. The information may be divulged whether or not
25 ~~such the~~ information was contained in a personnel file maintained by a State
26 or by a local government agency.

27 **"§ 17E-7. Required standards.**

28 ...

29 (b) The Commission shall provide, by regulation, that no person may be appointed as a
30 justice officer at entry level, except on a temporary or probationary basis, unless ~~such the~~ person
31 has satisfactorily completed an initial preparatory program of training at a school certified by the
32 Commission or has been exempted from that requirement by the Commission pursuant to this
33 Chapter. Upon separation of a justice officer from a sheriff's department within the temporary or
34 probationary period of appointment, the probationary certification shall be terminated by the
35 Commission. Upon the reappointment to the same department or appointment to another
36 department of an officer who has separated from a department within the probationary period,
37 the officer shall be charged with the amount of time served during his initial appointment and
38 allowed the remainder of the probationary period to complete the basic training requirement.
39 Upon the reappointment to the same department or appointment to another department of an
40 officer who has separated from a department within the probationary period and who has
41 remained out of service for more than one year from the date of separation, the officer shall be
42 allowed another probationary period to complete such training as the Commission shall require
43 by rule for an officer returning to service.

44 (c) In addition to the requirements of subsection (b) of this section, the Commission, by
45 rules and regulations, may fix other qualifications for the employment and retention of justice
46 officers including minimum age, education, physical and mental standards, citizenship, good
47 moral character, experience, and ~~such~~ other matters as relate to the competence and reliability of
48 persons to assume and discharge the responsibilities of the office, and the Commission shall
49 prescribe the means for presenting evidence of fulfillment of these requirements.

50 Where minimum educational standards are not met, yet the individual shows potential and a
51 willingness to achieve the standards by extra study, they may be waived by the Commission for

1 the reasonable amount of time it will take to achieve the standards required. Upon petition from
2 a sheriff, the Commission may grant a waiver of any provisions of this section (17E-7) for any
3 justice officer serving that sheriff.

4 ...

5 (d) The Commission may issue a certificate evidencing satisfaction of the requirements
6 of subsections (b), (c), and (c1) of this section to any applicant who presents ~~such~~ evidence as
7 may be required by its rules and regulations of satisfactory completion of a program or course of
8 instruction in another jurisdiction.

9 **"§ 17E-8. Special requirements; authorizations.**

10 ...

11 (b) Any sheriff or justice officer, who has taken the oath of office, or person who has
12 received a special deputation for the purpose from the sheriff, acts validly, and his arrests,
13 executions, levies and sales are valid, without regard to whether he has complied with this
14 Chapter or the rules or regulations adopted under this Chapter, unless he has been ordered to
15 cease and desist from ~~such~~ those actions by the court, or pursuant to G.S. 17E-9.

16 **"§ 17E-9. Compliance; enforcement.**

17 ...

18 (c) The Commission may appear in its own name and apply to courts having jurisdiction
19 for injunctions to prevent violations of this Chapter or of rules issued pursuant ~~thereto;~~ to this
20 Chapter; specifically, the performance of justice officer functions by officers or individuals who
21 are not in compliance with the standards and requirements of this Chapter or of rules issued
22 pursuant ~~thereto;~~ to this Chapter. A single act of performance of a justice officer function by an
23 officer or individual who is performing ~~such~~ that function in violation of this Chapter is sufficient,
24 if shown, to invoke the injunctive relief of this section.

25 **"§ 17E-10. Donations to the Commission; grants and appropriations.**

26 (a) The Commission may accept for any of its purposes and functions under this Chapter
27 any and all donations, both real and personal, and grants of money from any governmental unit
28 or public agency, or from any institution, person, firm or corporation, and may receive, utilize
29 and dispose of same. Any arrangement pursuant to this section shall be detailed in a biennial
30 report of the Commission to the General Assembly. ~~Such~~ The report shall include the identity of
31 the donor, the nature of the transaction, and the conditions, if any. Any money received by the
32 Commission pursuant to this section shall be deposited in the State Treasury to the account of
33 the Commission.

34 ...

35 (d) The Commission may provide grants as a reimbursement for actual expenses incurred
36 by the State or any political subdivision ~~thereof~~ of the State for the provision of training programs
37 providing ~~said~~ the political subdivisions and State law-enforcement agencies do adhere to the
38 selection and training standards established by the Commission.

39"

40 **SECTION 19A.6.(s)** G.S. 143A-55.2 is repealed.

41 **SECTION 19A.6.(t)** Subsections (p) through (s) of this section become effective
42 October 1, 2021.

43
44 **CREATION OF THE DIVISION OF TRAINING**

45 **SECTION 19A.6.(u)** Part 4 of Article 13 of Chapter 143B of the General Statutes is
46 amended by adding a new Subpart to read:

47 "Subpart G. Division of Training.

48 **"§ 143B-993. Creation of Division of Training.**

49 (a) There is established, within the Department of Public Safety, the Division of Training,
50 which shall be organized and staffed in accordance with applicable laws and regulations and
51 within the limits of authorized appropriations.

1 (b) The Division of Training shall have the following powers and duties:

2 (1) To exercise the powers and duties conferred on it by this Article.

3 (2) To exercise any other powers vested by law.

4 **"§ 143B-993.1. Creation of North Carolina Justice Academy Section.**

5 There is hereby created and constituted a section to be known as the "North Carolina Justice
6 Academy Section of the Division of Training of the Department of Public Safety" with the
7 organization, powers, and duties as set forth in this Article or as prescribed by the Director of the
8 Division of Training."

9 **SECTION 19A.6.(v)** Subsections (u) and (v) of this section become effective
10 October 1, 2021.

11
12 **CREATION OF DIVISIONS WITHIN THE DEPARTMENT OF PUBLIC SAFETY**

13 **SECTION 19A.6.(w)** Article 13 of Chapter 143B of the General Statutes is amended
14 by adding new Parts to read:

15 "Part 4A. Criminal Justice Standards Division.

16 **"§ 143B-996. Creation of Criminal Justice Standards Division.**

17 There is hereby created and constituted a section to be known as the "Criminal Justice
18 Standards Division of the Department of Public Safety" with the organization, powers, and duties
19 as set forth in this Article or as prescribed by the Director of the Criminal Justice Standards
20 Division.

21 "Part 4B. Justice Officers' Standards Division.

22 **"§ 143B-998. Creation of Justice Officers' Standards Division.**

23 There is hereby created and constituted a section to be known as the "Justice Officers'
24 Standards Division of the Department of Public Safety" with the organization, powers, and duties
25 as set forth in this Article or as prescribed by the Director of the Justice Officers' Standards
26 Division."

27 **SECTION 19A.6.(x)** Subsection (w) of this section becomes effective October 1,
28 2021.

29
30 **TRANSFER AND RENAME THE BOXING COMMISSION**

31 **SECTION 19A.7.(a)** The Boxing Commission created under G.S. 143-652.2 is
32 transferred to the Department of Public Safety and renamed the "North Carolina Boxing and
33 Combat Sports Commission." This transfer has all of the elements of a Type II transfer, as
34 described in G.S. 143A-6, except that the management functions of the Commission shall not be
35 performed under the direction and supervision of the Secretary of Public Safety.

36 **SECTION 19A.7.(b)** G.S. 143-651(4b) reads as rewritten:

37 "(4b) Commission. – The ~~Boxing~~ North Carolina Boxing and Combat Sports
38 Commission."

39 **SECTION 19A.7.(c)** G.S. 143-652.1(b) reads as rewritten:

40 "(b) Enforcement. – Except as otherwise authorized under G.S. 143-652.2(f), the
41 Executive Director of the Commission shall investigate and enforce violations of this Article
42 through the ALE Division. The ALE Division shall assist the Executive Director in investigating
43 and enforcing violations of this Article."

44 **SECTION 19A.7.(d)** G.S. 143-652.2 reads as rewritten:

45 **"§ 143-652.2. ~~Boxing~~ The North Carolina Boxing and Combat Sports Commission.**

46 (a) Creation. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission is
47 created for the purposes set forth in G.S. 143-652.1. The Commission shall be administratively
48 located within the Department of ~~Commerce, Public Safety,~~ but shall exercise its powers
49 independently of the Secretary of ~~Commerce, Public Safety.~~ The Commission shall consist of six
50 voting members and two nonvoting advisory members. All the members shall be residents of
51 North Carolina. The members shall be appointed as follows:

1 ...

2 (4) One voting member shall be appointed by the Secretary of ~~Commerce~~Public
3 Safety for an initial term of three years.

4 ...

5 Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this
6 subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to
7 subdivision (6) of this subsection may serve on the Commission only if an agreement exists and
8 remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the
9 Commission authorizing the Commission to regulate professional boxing matches within the
10 Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

11 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this
12 subsection shall advise the Commission on matters concerning the health and physical condition
13 of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may
14 prepare and submit to the Commission for its approval any rules that in their judgment will
15 safeguard the physical welfare of all participants engaged in boxing.

16 Terms for all members of the Commission except for the initial appointments shall be for
17 three years.

18 The Governor shall designate which member of the Commission is to serve as chair. A
19 member appointed pursuant to subdivision (1) or (6) of this subsection shall serve at the
20 Governor's pleasure. The other members of the Commission may be removed from office by the
21 member's appointing authority for cause. Members of the Commission are subject to the conflicts
22 of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of
23 1996, as amended). Each member, before entering upon the duties of a member, shall take and
24 subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best
25 of the member's ability. A record of these oaths shall be filed in the Department of
26 ~~Commerce~~Public Safety.

27 ...

28 (f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director
29 of the Commission. If necessary, the Executive Director may train and contract with independent
30 contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees,
31 and enforcing rules of the Commission. The Executive Director may initiate and review criminal
32 background checks on persons requesting to work as independent contractors for the Commission
33 or persons applying to be licensed by the Commission. The Commission may also hire additional
34 staff. The Executive Director is exempt from provisions of the North Carolina Human Resources
35 Act as provided by G.S. 126-5. All other staff of the Commission are subject to the North
36 Carolina Human Resources Act.

37"

38 **SECTION 19A.7.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to
39 read:

40 "(37) The Executive Director of the North Carolina Boxing and Combat Sports
41 Commission created pursuant to G.S. 143-652.2."

42 **SECTION 19A.7.(f)** The initial appointment to the North Carolina Boxing and
43 Combat Sports Commission under G.S. 143-652.2(a)(4), as amended by subsection (d) of this
44 section, shall be for a term commencing July 1, 2021. The term of the member serving on the
45 Boxing Commission pursuant to G.S. 143-652.2(a)(4) as of June 30, 2021, expires on the
46 effective date of this section.

47 **SECTION 19A.7.(g)** Funds in the State Boxing Revenue Account within the
48 Department of Commerce as of the effective date of this section shall be transferred into the State
49 Boxing Revenue Account within the Department of Public Safety. Once these funds have been
50 transferred, the State Boxing Revenue Account within the Department of Commerce shall be
51 closed.

1 **SECTION 19A.7.(h)** The North Carolina Boxing and Combat Sports Commission
2 shall take all steps necessary to ensure the Commission is fully receipt-supported by the
3 beginning of the 2023-2025 fiscal biennium, including the adjustment of fees authorized to be
4 collected under G.S. 143-655. By October 1, 2022, the Commission shall submit a report to the
5 Joint Legislative Oversight Committee on Justice and Public Safety detailing the steps taken by
6 the Commission to complete the requirement set forth in this subsection.

7 **SECTION 19A.7.(i)** The implementation of this section shall not affect any
8 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the
9 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143
10 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions
11 for offenses or violations committed prior to the effective date of this section are not abated or
12 affected by this section, and the statutes that would be applicable but for this section shall remain
13 applicable to those prosecutions.

14 **SECTION 19A.7.(j)** This section becomes effective October 1, 2021.

15 16 **HUMAN TRAFFICKING EDUCATION DIRECTED GRANT AND REPORT**

17 **SECTION 19A.8.(a)** Of the funds appropriated in this act to the Department of
18 Public Safety to be allocated as a directed grant to The Ursus Institute, a nonprofit corporation,
19 the funds shall be used to develop training materials and administer training sessions educating
20 individuals on how to recognize the signs and situations that are indicative of human trafficking.
21 The training materials and sessions shall be developed and administered to educate law
22 enforcement officers, child protection service agents, and elected and assistant district attorneys
23 in Mecklenburg, Union, Gaston, Lincoln, and Cabarrus Counties.

24 **SECTION 19A.8.(b)** The Ursus Institute shall report to the Joint Legislative
25 Oversight Committee on Justice and Public Safety no later than December 1, 2022, regarding the
26 implementation of the directives of this act. At a minimum, the report shall include the following:

- 27 (1) A thorough explanation of the implementation of the directives of this act.
- 28 (2) An accounting of the use of funds provided by this act.
- 29 (3) An explanation of feedback and recommendations solicited from and provided
30 by participants of the Institute's training sessions.

31 32 **RELOCATION OF ALE HEADQUARTERS AND REGIONAL OFFICES**

33 **SECTION 19A.9.(a)** Subsections (b) and (c) of Section 1 of S.L. 2019-203 are
34 repealed.

35 **SECTION 19A.9.(b)** From funds appropriated in this act to the Department of Public
36 Safety, the Department shall relocate the Alcohol Law Enforcement (ALE) headquarters and
37 regional offices.

38 **SECTION 19A.9.(c)** This section becomes effective October 1, 2021.

39 40 **PART XIX-B. LAW ENFORCEMENT**

41 42 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

43 **SECTION 19B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The
44 State Capitol Police may contract with State agencies for the creation of receipt-supported
45 positions to provide security services to the buildings occupied by those agencies.

46 **SECTION 19B.1.(b)** Annual Report Required. – No later than September 1 of each
47 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
48 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 49 (1) A list of all positions in the State Capitol Police. For each position listed, the
50 report shall include at least the following information:
 - 51 a. The position type.

- b. The agency to which the position is assigned.
 - c. The source of funding for the position.
- (2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 19B.1.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

- (1) The position type.
- (2) The agency to which the position is being assigned.
- (3) The position salary.
- (4) The total amount of the contract.
- (5) The terms of the contract.

SECTION 19B.1.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

USE OF SEIZED AND FORFEITED PROPERTY

SECTION 19B.2.(a) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- (1) A report upon receipt of any assets.
- (2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
- (3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

SECTION 19B.2.(b) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 19B.2.(c) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

SECTION 19B.2.(d) The Joint Legislative Oversight Committee on Justice and Public Safety shall study the impact on State and local law enforcement efforts of the receipt of seized and forfeited assets. The Committee shall report its findings and recommendations prior to the convening of the 2022 Regular Session of the 2021 General Assembly.

REQUEST FOR PROPOSALS FOR VIPER SYSTEM

SECTION 19B.4.(a) Prior to using the funds appropriated in this act for the purchase of equipment or maintenance or both of the Voice Interoperability Plan for Emergency

1 Responders (VIPER) System, the Department of Public Safety shall issue a request for proposals
2 for that equipment or maintenance or both.

3 **SECTION 19B.4.(b)** The Department of Public Safety shall report the proposals
4 submitted pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee
5 on Justice and Public Safety no later than 20 days after the deadline to submit proposals has
6 passed.

7 **SECTION 19B.4.(c)** The Department of Public Safety shall not award a contract in
8 response to the request for proposals required by subsection (a) of this section until 30 days have
9 passed following the submission of the report required by subsection (b) of this section. Once a
10 contract has been awarded pursuant to this section, the Department of Public Safety may use the
11 funds referenced in subsection (a) of this section to contract with a vendor to equip, maintain, or
12 equip and maintain the VIPER System.

13 **MODIFY TERM OF DIRECTOR OF THE STATE BUREAU OF INVESTIGATION**

14 **SECTION 19B.6.(a)** G.S. 143B-926(a) reads as rewritten:

15 "(a) The Director of the State Bureau of Investigation shall be appointed by the Governor
16 for a term of ~~eight~~six years subject to confirmation by the General Assembly by joint resolution.
17 The term of office of the Director of the State Bureau of Investigation shall be for ~~eight~~six years;
18 the first full six-year term shall begin July 1, ~~2015-2023~~. The name of the person to be appointed
19 by the Governor shall be submitted by the Governor to the General Assembly for confirmation
20 by the General Assembly on or before May 1 of the year in which the term for which the
21 appointment is to be made expires. Upon failure of the Governor to submit a name as herein
22 provided, the President Pro Tempore of the Senate and the Speaker of the House of
23 Representatives jointly shall submit a name of an appointee to the General Assembly on or before
24 May 15 of the same year. The appointment shall then be made by enactment of a bill. The bill
25 shall state the name of the person being appointed, the office to which the appointment is being
26 made, the effective date of the appointment, the date of expiration of the term, the residence of
27 the appointee, and that the appointment is made upon the joint recommendation of the Speaker
28 of the House of Representatives and the President Pro Tempore of the Senate. Nothing precludes
29 any member of the General Assembly from proposing an amendment to any bill making such an
30 appointment. If there is no vacancy in the office of the Director of the State Bureau of
31 Investigation, and a bill that would confirm the appointment of the person as Director fails a
32 reading in either chamber of the General Assembly, then the Governor shall submit a new name
33 within 30 days."

34 **SECTION 19B.6.(b)** This section becomes effective June 30, 2023.

35 **DIRECT USE OF FEDERAL RAP BACK PROGRAM**

36 **SECTION 19B.7.(a)** Article 13 of Chapter 143B of the General Statutes is amended
37 by adding a new section to read:

38 **"§ 143B-972.1. Criminal record checks for North Carolina Criminal Justice Education and**
39 **Training Standards Commission and North Carolina Sheriffs' Education and**
40 **Training Standards Commission; fingerprints sent to Federal Bureau of**
41 **Investigation.**

42 (a) The Department of Public Safety shall provide to the North Carolina Criminal Justice
43 Education and Training Standards Commission and the North Carolina Sheriffs' Education and
44 Training Standards Commission from the State and National Repositories of Criminal Histories
45 the criminal history of any person who applies for certification or is certified as a criminal justice
46 officer or justice officer or any other position that requires certification with either Commission.
47 The Commissions shall provide to the State Bureau of Investigation the fingerprints of the
48 applicants and certified officers and any other identifying information requested by the State
49
50

1 Bureau of Investigation related to the requirements of relevant State and federal information
2 databases, as well as its own information databases.

3 (b) The State Bureau of Investigation shall enroll each individual whose fingerprints are
4 received under this section in the Federal Bureau of Investigation's Record of Arrest and
5 Prosecution Background (Rap Back) Service.

6 (c) The State Bureau of Investigation shall maintain the fingerprints of the applicants and
7 certified officers submitted pursuant to this section in the Statewide Automated Fingerprint
8 Identification System (SAFIS) consistent with SubChapter B of Chapter 09 and SubChapter B
9 of Chapter 10 of Title 12 of the North Carolina Administrative Code.

10 (d) Within 15 business days of receiving notification by either Commission that the
11 individual whose fingerprints have been stored in SAFIS pursuant to subsection (c) of this section
12 has separated from employment and a Department of Justice Report of Separation Form F-5B
13 has been filed with either Commission, the State Bureau of Investigation shall remove the
14 individual's fingerprints from SAFIS.

15 (e) The Commissions shall keep all information obtained pursuant to this section
16 confidential."

17 **SECTION 19B.7.(b)** No later than June 30, 2022, any person certified by the North
18 Carolina Criminal Justice Education and Training Standards Commission or the North Carolina
19 Sheriffs' Education and Training Standards Commission on the effective date of this act shall
20 electronically submit their fingerprints to the State Bureau of Investigation or, if so directed, to
21 their certifying Commission, who shall forward the fingerprints to the State Bureau of
22 Investigation. The State Bureau of Investigation shall search the State's criminal history record
23 file, shall forward a set of fingerprints to the Federal Bureau of Investigation for a national
24 criminal history record check, and shall maintain the fingerprints pursuant to G.S. 143B-972.1
25 as enacted by Section 1 of this act.

26 **SECTION 19B.7.(c)** This section is effective when it becomes law.

27 28 **MODIFY PAYMENT SOURCE OF GOVERNOR'S SECURITY DETAIL**

29 **SECTION 19B.8.** G.S. 20-189 reads as rewritten:

30 **"§ 20-189. Patrolmen assigned to Governor's office.**

31 The Secretary of Public Safety, at the request of the Governor, shall assign and attach two
32 members of the State Highway Patrol to the office of the Governor, there to be assigned such
33 duties and perform such services as the Governor may direct. The ~~salary-cost~~ of the State
34 Highway Patrol members so assigned to the office of the Governor shall be paid from
35 appropriations made to the ~~office of the Governor and shall be fixed in an amount to be~~
36 ~~determined by the Governor.~~ Department of Public Safety."

37 38 **RESTRICTIONS ON USE OF CERTAIN STATE HIGHWAY PATROL FUNDS**

39 **SECTION 19B.9.** Notwithstanding any provision of law to the contrary, the funds
40 appropriated in this act to the State Highway Patrol for a third State Highway Patrol cadet class
41 in the 2022-2023 fiscal year shall only be used for that purpose. No other use for those funds is
42 authorized and all funds remaining at the end of the 2022-2023 fiscal year shall revert to the
43 General Fund.

44 45 **PART XIX-C. ADULT CORRECTION**

46 47 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

48 **SECTION 19C.1.** The Department of Public Safety may continue to contract with
49 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
50 beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for
51 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House

1 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
2 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
3 average daily inmate population compared to bed capacity using the same methodology as that
4 used by the Department of Public Safety.

6 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

7 **SECTION 19C.2.** G.S. 148-32.1(b2) reads as rewritten:

8 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program
9 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
10 a period of more than 90 days and for all sentences imposed for impaired driving under
11 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
12 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
13 address methods for the placement and transportation of inmates and reimbursement to counties
14 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants
15 from that county or from other counties pursuant to the Program may enter into a written
16 agreement with the Division of Adult Correction and Juvenile Justice to do so.

17 The North Carolina Sheriffs' Association shall:

18 (1) Report no later than the fifteenth day of each month to the Office of State
19 Budget and Management and the Fiscal Research Division on the Statewide
20 Misdemeanant Confinement Program. Each monthly report shall include all
21 of the following:

- 22 a. The daily population delineated by misdemeanant or DWI monthly
23 housing.
- 24 b. The cost of housing prisoners under the Program.
- 25 c. The cost of transporting prisoners under the Program.
- 26 d. Personnel costs.
- 27 e. Inmate medical care costs.
- 28 f. The number of counties that volunteer to house inmates under the
29 Program.
- 30 g. The administrative costs paid to the Sheriffs' Association and to the
31 Department of Public Safety.

32 (2) Report no later than October 1 of each year to the chairs of the House of
33 Representatives Appropriations Committee on Justice and Public Safety and
34 the Senate Appropriations Committee on Justice and Public Safety and the
35 Joint Legislative Oversight Committee on Justice and Public Safety on the
36 Statewide Misdemeanant Confinement Program. The report shall include the
37 following with respect to the prior fiscal year:

- 38 a. The cost of housing prisoners by county under the Program.
- 39 b. The cost of transporting prisoners by county under the Program.
- 40 c. Personnel costs by county.
- 41 d. Inmate medical care costs by county.
- 42 e. The number of counties that volunteer to house inmates under the
43 Program.
- 44 f. The administrative costs paid to the Sheriffs' Association and to the
45 Department of Public Safety."

47 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

48 **SECTION 19C.3.** Of the funds appropriated in this act for the Statewide
49 Misdemeanant Confinement Program:

- 50 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal
51 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,

1 to support the Program and for administrative and operating expenses of the
2 Association and its staff.

- 3 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
4 allocated each fiscal year to the Division of Adult Correction for its
5 administrative and operating expenses for the Program.
6

7 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 8 **EQUIPMENT PURCHASES SECTIONS**

9 **SECTION 19C.4.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees
10 collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by
11 the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during
12 the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the
13 Section of Community Corrections, but only to the extent sufficient funds remain available in the
14 Fund to support the mission of the Interstate Compact Program.

15 **SECTION 19C.4.(b)** No later than October 1 of each fiscal year, the Department of
16 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public
17 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
18 used.
19

20 **NURSE STAFFING AT STATE PRISONS REPORT**

21 **SECTION 19C.5.(a)** The Department of Public Safety shall report the following
22 information to the Joint Legislative Oversight Committee on Justice and Public Safety by
23 February 1, 2022, and by February 1, 2023:

- 24 (1) The total number of permanent nursing positions allocated to the Department,
25 the number of filled positions, the number of positions that have been vacant
26 for more than six months, and information regarding the location of both filled
27 and vacant positions.
28 (2) The extent to which temporary contract services are being used to staff vacant
29 nursing positions, the method for funding the contract services, and any cost
30 differences between the use of permanent employees versus contract
31 employees.
32 (3) A progress report on the implementation of its plan to (i) reduce the use of
33 contract services to provide nursing in State prisons and (ii) attract and retain
34 qualified nurses for employment in permanent positions in State prisons.

35 **SECTION 19C.5.(b)** Notwithstanding any other provision of law, the Department
36 of Public Safety may, in its discretion and subject to the approval of the Office of State Budget
37 and Management, convert funds appropriated for contractual nursing services to permanent
38 nursing positions when it is determined to promote security, generate cost savings, and improve
39 health care quality. The Department shall report on any such conversions to the Fiscal Research
40 Division.
41

42 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

43 **SECTION 19C.6.** The Department of Public Safety, Division of Adult Correction
44 and Juvenile Justice, shall report the following information to the Joint Legislative Oversight
45 Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

- 46 (1) The number of Division employees charged with the commission of a criminal
47 offense committed in a State prison and during the employee's work hours.
48 The information shall be provided by State facility and shall specify the
49 offense charged and the outcome of the charge.
50 (2) The number of employees disciplined, demoted, or separated from service due
51 to personal misconduct. To the extent it does not disclose confidential

1 personnel records, the information shall be organized by type of misconduct,
2 nature of corrective action taken, and outcome of the corrective action.

- 3 (3) The hiring and screening process, including any required credentials or skills,
4 criminal background checks, and personality assessments. The information
5 shall also include the process the Division uses to verify the information
6 provided by an applicant.
7

8 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
9 **EXPENSES**

10 **SECTION 19C.7.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety
11 may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse
12 counties for the cost of housing convicted inmates, parolees, and post-release supervisees
13 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may
14 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,
15 2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight
16 Committee on Justice and Public Safety and the chairs of the House of Representatives
17 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
18 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for
19 prisoners awaiting transfer.
20

21 **DOT CONTRACT OF INMATE LITTER CREW**

22 **SECTION 19C.8.(a)** After the issuance of a request for information (RFI) and
23 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,
24 the Department of Transportation shall first offer the contract to the Division of Adult Correction
25 and Juvenile Justice upon the same terms and conditions as the most favorable bid received by
26 the Department of Transportation from a suitable contractor. The Division of Adult Correction
27 and Juvenile Justice shall have 30 days to accept or decline the offered contract.

28 **SECTION 19C.8.(b)** It is the policy of the General Assembly that the Department
29 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads
30 as often as is necessary and practicable.
31

32 **MAKE ADULT CORRECTION AND JUVENILE JUSTICE SEPARATE DIVISIONS**

33 **SECTION 19C.9.(a)** Article 13 of Chapter 143B of the General Statutes reads as
34 rewritten:

35 "Article 13.

36 "Department of Public Safety.

37 "Part 1. General Provisions.
38

38 ...

39 **"§ 143B-604. State Reentry Council Collaborative.**

40 (a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The
41 SRCC shall include up to two representatives from each of the following:

- 42 (1) The Division of Motor Vehicles.
43 (2) The Department of Health and Human Services.
44 (3) The Administrative Office of the Courts.
45 (4) The North Carolina Community College System.
46 (5) The Division of Adult Correction and Juvenile Justice of the Department of
47 Public Safety.
48 (6) A nonprofit entity that provides reentry services or reentry programs.
49 (7) Any other agency that the Secretary deems relevant.
50

50 ...

51 ~~"Part 1A. Division of Adult Correction and Juvenile Justice.~~

1 ~~"§ 143B-630. Creation of Division of Adult Correction and Juvenile Justice; powers.~~

2 ~~There is hereby created and established a division to be known as the Division of Adult~~
3 ~~Correction and Juvenile Justice of the Department of Public Safety. The Division shall have the~~
4 ~~power and duty to implement Parts 2 and 3 of this Article and shall have such other powers and~~
5 ~~duties as are set forth in this Chapter and are prescribed by the Secretary of the Department of~~
6 ~~Public Safety.~~

7 "Part 2. Adult Correction.

8 "Subpart A. General Provisions.

9 ...

10 ~~"§ 143B-701. Division of Adult Correction and Juvenile Justice of the Department of Public~~
11 ~~Safety – powers, duties.~~

12 (a) ~~There is hereby established a division to be known as the Division of Adult Correction~~
13 ~~of the Department of Public Safety. The Division shall have the power and duty to implement~~
14 ~~Part 2 of this Article and shall have such other powers and duties as are set forth in this Article~~
15 ~~and prescribed by the Secretary of the Department of Public Safety.~~

16 (b) It shall be the duty of the Division to provide the necessary custody, supervision, and
17 treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and cost of
18 crime and delinquency.

19 ~~"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public~~
20 ~~Safety – rules and regulations.~~

21 The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
22 shall adopt rules and regulations related to the conduct, supervision, rights and privileges of
23 persons in its custody or under its supervision. Such rules and regulations shall be filed with and
24 published by the office of the Attorney General and shall be made available by the Division for
25 public inspection. The rules and regulations shall include a description of the organization of the
26 Division. A description or copy of all forms and instructions used by the Division, except those
27 relating solely to matters of internal management, shall also be filed with the office of the
28 Attorney General.

29 ~~"§ 143B-703. Repair or replacement of personal property.~~

30 (a) The Secretary of Public Safety may adopt rules governing repair or replacement of
31 personal property items excluding private passenger vehicles that belong to employees of State
32 facilities within the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
33 Safety and that are damaged or stolen by inmates of the State facilities provided that the item is
34 determined by the Secretary to be damaged or stolen on or off facility grounds during the
35 performance of employment and necessary for the employee to have in his possession to perform
36 his assigned duty.

37 ...

38 ~~"§ 143B-704. Division of Adult Correction and Juvenile Justice of the Department of Public~~
39 ~~Safety – functions with respect to adults.~~

40 (a) The functions of the Division of Adult Correction ~~and Juvenile Justice~~ of the
41 Department of Public Safety shall include all functions of the executive branch of the State in
42 relation to corrections and the rehabilitation of adult offenders, including detention, parole, and
43 aftercare supervision, and further including those prescribed powers, duties, and functions
44 enumerated in the laws of this State.

45 (b) All such functions, powers, duties, and obligations heretofore vested in the
46 Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of
47 Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested
48 in the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
49 except as otherwise provided by the Executive Organization Act of 1973. They shall include, by
50 way of extension and not of limitation, the functions of:

51 ...

1 **"§ 143B-705. Division of Adult Correction and Juvenile Justice of the Department of Public**
2 **Safety – Alcoholism and Chemical Dependency Treatment Program.**

3 ...

4 (b) A Section Chief for the Alcoholism and Chemical Dependency Treatment Program
5 shall be employed and shall report directly to a deputy director for the Division of Adult
6 Correction and Juvenile Justice as designated by the Deputy Commissioner for the Division of
7 Adult Correction and Juvenile Justice. ~~Correction.~~ The duties of the Section Chief and staff shall
8 include the following:

9 (1) Administer and coordinate all substance abuse programs, grants, contracts,
10 and related functions in the Division of Adult Correction and Juvenile Justice
11 of the Department of Public Safety.

12 (2) Develop and maintain working relationships and agreements with agencies
13 and organizations that will assist in developing and operating alcoholism and
14 chemical dependency treatment and recovery programs in the Division of
15 Adult Correction and Juvenile Justice of the Department of Public Safety.

16 ...

17 (7) Supervise directly the facility and district program managers, other
18 specialized personnel, and programs that exist or may be developed in the
19 Division of Adult Correction and Juvenile Justice of the Department of Public
20 Safety.

21 ...

22 (c) In each prison that houses an alcoholism and chemical dependency program, there
23 shall be a unit superintendent under the Section of Prisons of the Division of Adult Correction
24 and Juvenile Justice and other custodial, administrative, and support staff as required to maintain
25 the proper custody level at the facility. The unit superintendent shall be responsible for all matters
26 pertaining to custody and administration of the unit. The Section Chief of the Alcoholism and
27 Chemical Dependency Treatment Program shall designate and direct employees to manage
28 treatment programs at each location. Duties of unit treatment program managers shall include
29 program development and implementation, supervision of personnel assigned to treatment
30 programs, adherence to all pertinent policy and procedural requirements of the Department, and
31 other duties as assigned.

32 ...

33 **"§ 143B-707. Reports to the General Assembly.**

34 The Division of Adult Correction and Juvenile Justice of the Department of Public Safety
35 shall report by March 1 of each year to the Chairs of the Senate and House Appropriations
36 Committees and the Chairs of the Senate and House Appropriations Subcommittees in Justice
37 and Public Safety on their efforts to provide effective treatment to offenders with substance abuse
38 problems. The report shall include:

39 ...

40 (7) Evaluation of each substance abuse treatment program funded by the Division
41 of Adult Correction and Juvenile Justice of the Department of Public Safety.
42 Evaluation measures shall include reduction in alcohol and drug dependency,
43 improvements in disciplinary and infraction rates, recidivism (defined as
44 return-to-prison rates), and other measures of the programs' success.

45 ...

46 **"§ 143B-708. Community service program.**

47 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
48 Safety may conduct a community service program. The program shall provide oversight of
49 offenders placed under the supervision of the Section of Community Corrections of the Division
50 of Adult Correction and Juvenile Justice and ordered to perform community service hours for
51 criminal violations, including driving while impaired violations under G.S. 20-138.1. This

1 program shall assign offenders, either on supervised or on unsupervised probation, to perform
2 service to the local community in an effort to promote the offender's rehabilitation and to provide
3 services that help restore or improve the community. The program shall provide appropriate work
4 site placement for offenders ordered to perform community service hours. The Division may
5 adopt rules to conduct the program. Each offender shall be required to comply with the rules
6 adopted for the program.

7 ...

8 (e) The community service staff shall report to the court in which the community service
9 was ordered, a significant violation of the terms of the probation, deferred prosecution, or
10 conditional discharge related to community service, including a willful failure to pay any moneys
11 due the State under any court order or payment schedule adopted by the Section of Community
12 Corrections of the Division of Adult ~~Correction and Juvenile Justice~~. Correction. The community
13 service staff shall give notice of the hearing to determine if there is a willful failure to comply to
14 the person who was ordered to perform the community service. This notice shall be given by
15 either personal delivery to the person to be notified or by depositing the notice in the United
16 States mail in an envelope with postage prepaid, addressed to the person at the last known address
17 available to the preparer of the notice and reasonably believed to provide actual notice to the
18 person. The notice shall be mailed at least 10 days prior to any hearing and shall state the basis
19 of the alleged willful failure to comply. The court shall then conduct a hearing, even if the person
20 ordered to perform the community service fails to appear, to determine if there is a willful failure
21 to complete the work as ordered by the community service staff within the applicable time limits.
22 The hearing may be held in the county in which the order requiring the performance of
23 community service was imposed, the county in which the violation occurred, or the county of
24 residence of the person. If the court determines there is a willful failure to comply, it shall revoke
25 any drivers license issued to the person and notify the Division of Motor Vehicles to revoke any
26 drivers license issued to the person until the community service requirement has been met. In
27 addition, if the person is present, the court may take any further action authorized by Article 82
28 of Chapter 15A of the General Statutes for violation of a condition of probation.

29 **"§ 143B-709. Security Staffing.**

30 (a) The Division of Adult Correction and ~~Juvenile Justice~~ of the Department of Public
31 Safety shall conduct:

32 ...

33 (b) The Division of Adult Correction and ~~Juvenile Justice~~ of the Department of Public
34 Safety shall update the security staffing relief formula at least every three years. Each update
35 shall include a review of all annual training requirements for security staff to determine which of
36 these requirements should be mandatory and the appropriate frequency of the training. The
37 Division shall survey other states to determine which states use a vacancy factor in their staffing
38 relief formulas.

39 ...

40 **"§ 143B-711. Division of Adult Correction and Juvenile Justice of the Department of Public
41 Safety – organization.**

42 The Division of Adult Correction and ~~Juvenile Justice~~ of the Department of Public Safety
43 shall be organized initially to include the Post-Release Supervision and Parole Commission, the
44 Section of Prisons of the Division of Adult Correction, the Section of Community Corrections,
45 the Section of Alcoholism and Chemical Dependency Treatment Programs, and such other
46 divisions as may be established under Part 3 of this Article and under the other provisions of the
47 Executive Organization Act of 1973.

48 ...

49 "Subpart C. Parole Commission.

50 **"§ 143B-720. Post-Release Supervision and Parole Commission – creation, powers and
51 duties.**

(a) There is hereby created a Post-Release Supervision and Parole Commission of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety with the authority to grant paroles, including both regular and temporary paroles, to persons held by virtue of any final order or judgment of any court of this State as provided in Chapter 148 of the General Statutes and laws of the State of North Carolina, except that persons sentenced under Article 81B of Chapter 15A of the General Statutes are not eligible for parole but may be conditionally released into the custody and control of United States Immigration and Customs Enforcement pursuant to G.S. 148-64.1. The Commission shall also have authority to revoke, terminate, and suspend paroles of such persons (including persons placed on parole on or before the effective date of the Executive Organization Act of 1973) and to assist the Governor in exercising his authority in granting reprieves, commutations, and pardons, and shall perform such other services as may be required by the Governor in exercising his powers of executive clemency. The Commission shall also have authority to revoke and terminate persons on post-release supervision, as provided in Article 84A of Chapter 15A of the General Statutes. The Commission shall also have the authority to punish for criminal contempt for willful refusal to accept post-release supervision or to comply with the terms of post-release supervision by a prisoner whose offense requiring post-release supervision is a reportable conviction subject to the registration requirement of Article 27A of Chapter 14 of the General Statutes. Any contempt proceeding conducted by the Commission shall be in accordance with G.S. 5A-15 as if the Commission were a judicial official.

...

(c) The Commission is authorized and empowered to adopt such rules and regulations, not inconsistent with the laws of this State, in accordance with which prisoners eligible for parole consideration may have their cases reviewed and investigated and by which such proceedings may be initiated and considered. All rules and regulations heretofore adopted by the Board of Paroles shall remain in full force and effect unless and until repealed or superseded by action of the Post-Release Supervision and Parole Commission. All rules and regulations adopted by the Commission shall be enforced by the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety.

...

"Part 3. Juvenile Justice ~~Section Justice~~.

"Subpart A. Creation of Division.

"§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

There is hereby created and constituted a ~~section~~ division to be known as the "Juvenile Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety", with the organization, powers, and duties as set forth in this Article or as prescribed by the ~~Director of the Division of Adult Correction and Juvenile Justice~~ Secretary of the Department of Public Safety.

"§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

(a) All (i) statutory authority, powers, duties, and functions, including directives of S.L. 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations, reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the Governor are transferred to and vested in ~~the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. This transfer has all of the elements of a Type I transfer as defined in G.S. 143A-6.

(b) The ~~Section~~ Division shall be considered a continuation of the Office of Juvenile Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office

1 and of those rights, powers, duties, and obligations exercised by the Office of the Governor on
2 behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of
3 Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law,
4 contract, or other document, that reference shall apply to ~~the Juvenile Justice Section of the~~
5 Division of ~~Adult Correction and Juvenile Justice~~. Where the Office of the Governor is referred
6 to by contract or other document, where the Office of the Governor is acting on behalf of the
7 Office of Juvenile Justice, that reference shall apply to the ~~Section~~Division.

8 (c) All institutions previously operated by the Office of Juvenile Justice and the present
9 central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies,
10 personnel, or other properties rented or controlled by the Office or by the Office of the Governor
11 for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice
12 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public
13 Safety.

14 ...

"Subpart B. General Provisions.

15
16 **"§ 143B-805. Definitions.**

17 In this Part, unless the context clearly requires otherwise, the following words have the listed
18 meanings:

- 19 (1) Chief court counselor. – The person responsible for administration and
20 supervision of juvenile intake, probation, and post-release supervision in each
21 judicial district, operating under the supervision of the ~~Juvenile Justice Section~~
22 ~~of the Division of Adult Correction and Juvenile Justice~~ of the Department of
23 Public Safety.

24 ...

- 25 (10a) Division. – The Division of Juvenile Justice of the Department of Public
26 Safety.

27 ...

- 28 (19a) ~~Section~~.—The ~~Juvenile Justice Section of the Division of Adult Correction~~
29 ~~and Juvenile Justice of the Department of Public Safety~~.

30 ...

31 **"§ 143B-806. Duties and powers of the Division of Juvenile Justice ~~Section of the Division~~**
32 **~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

33 ...

34 (b) In addition to its other duties, the Division of Juvenile Justice ~~Section of the Division~~
35 ~~of Adult Correction and Juvenile Justice~~ shall have the following powers and duties:

36 ...

37 **"§ 143B-807. Authority to contract with other entities.**

38 (a) The ~~Section~~Division may contract with any governmental agency, person, or
39 association for the accomplishment of its duties and responsibilities. The expenditure of funds
40 under these contracts shall be for the purposes for which the funds were appropriated and not
41 otherwise prohibited by law.

42 (b) The ~~Section~~Division may enter into contracts with, and act as intermediary between,
43 any federal government agency and any county of this State for the purpose of assisting the
44 county to recover monies expended by a county-funded financial assistance program. As a
45 condition of assistance, the county shall agree to hold and save harmless the ~~Section~~Division
46 against any claims, loss, or expense which the ~~Section~~Division might incur under the contracts
47 by reason of any erroneous, unlawful, or tortious act or omission of the county or its officials,
48 agents, or employees.

49 (c) The ~~Section~~Division and any other appropriate State or local agency may purchase
50 services from public or private agencies providing delinquency prevention programs or juvenile
51 court services, including parenting responsibility classes. The programs shall meet State

standards. As institutional populations are reduced, the ~~Section-Division~~ may divert State funds appropriated for institutional programs to purchase the services under the State Budget Act.

(d) Each programmatic, residential, and service contract or agreement entered into by the ~~Section-Division~~ shall include a cooperation clause to ensure compliance with the ~~Section's Division's~~ quality assurance requirements and cost-accounting requirements.

"§ 143B-808. Authority to assist private nonprofit foundations.

The ~~Section-Division~~ may provide appropriate services or allow employees of the ~~Section-Division~~ to assist any private nonprofit foundation that works directly with the ~~Section's Division's~~ services or programs and whose sole purpose is to support these services and programs. A ~~Section-Division~~ employee shall be allowed to work with a foundation no more than 20 hours in any one month. These services are not subject to Chapter 150B of the General Statutes.

The board of directors of each private, nonprofit foundation shall secure and pay for the services of the Department of State Auditor or employ a certified public accountant to conduct an annual audit of the financial accounts of the foundation. The board of directors shall transmit to the ~~Section-Division~~ a copy of the annual financial audit report of the private nonprofit foundation.

"§ 143B-809. Teen court programs.

(a) All teen court programs administered by the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall operate as community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction, including counseling, restitution, curfews, and community service.

Teen court programs may also operate as resources to the local school administrative units to handle problems that develop at school but that have not been turned over to the juvenile authorities.

(b) Every teen court program that receives funds from Juvenile Crime Prevention Councils shall comply with rules and reporting requirements of the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety-Division~~.

...

"Subpart C. Juvenile Facilities.

"§ 143B-815. Juvenile facilities.

In order to provide any juvenile in a juvenile facility with appropriate treatment according to that juvenile's need, the ~~Section-Division~~ shall be responsible for the administration of statewide educational, clinical, psychological, psychiatric, social, medical, vocational, and recreational services or programs.

"§ 143B-816. Authority to provide necessary medical or surgical care.

The ~~Section-Division~~ may provide any medical and surgical treatment necessary to preserve the life and health of juveniles committed to the custody of the ~~Section-Division~~; however, no surgical operation may be performed except as authorized in G.S. 148-22.2.

"§ 143B-817. Compensation to juveniles in care.

A juvenile who has been committed to the ~~Section-Division~~ may be compensated for work or participation in training programs at rates approved by the Secretary within available funds. The Secretary may provide for a reasonable allowance to the juvenile for incidental personal expenses, and any balance of the juvenile's earnings remaining at the time the juvenile is released shall be paid to the juvenile or the juvenile's parent or guardian. The ~~Section-Division~~ may accept grants or funds from any source to compensate juveniles under this section.

"§ 143B-818. Visits and community activities.

1 (a) The ~~Section-Division~~ shall encourage visits by parents or guardians and responsible
2 relatives of juveniles committed to the custody of the ~~Section-Division~~.

3 (b) The ~~Section-Division~~ shall develop a program of home visits for juveniles in the
4 custody of the ~~Section-Division~~. The visits shall begin after the juvenile has been in the custody
5 of the for a period of at least six months. In developing the program, the ~~Section-Division~~ shall
6 adopt criteria that promote the protection of the public and the best interests of the juvenile.

7 **"§ 143B-819. Regional detention services.**

8 The ~~Section-Division~~ is responsible for juvenile detention services, including the
9 development of a statewide plan for regional juvenile detention services that offer juvenile
10 detention care of sufficient quality to meet State standards to any juvenile requiring juvenile
11 detention care within the State in a detention facility as follows:

12 (1) The ~~Section-Division~~ shall plan with the counties operating a county detention
13 facility to provide regional juvenile detention services to surrounding
14 counties. The ~~Section-Division~~ has discretion in defining the geographical
15 boundaries of the regions based on negotiations with affected counties,
16 distances, availability of juvenile detention care that meets State standards,
17 and other appropriate factors.

18 (2) The ~~Section-Division~~ may plan with any county that has space within its
19 county jail system to use the existing space for a county detention facility
20 when needed, if the space meets the State standards for a detention facility and
21 meets all of the requirements of G.S. 153A-221. The use of space within the
22 county jail system shall be constructed to ensure that juveniles are not able to
23 converse with, see, or be seen by the adult population, and juveniles housed
24 in a space within a county jail shall be supervised closely.

25 (3) The ~~Section-Division~~ shall plan for and administer regional detention
26 facilities. The ~~Section-Division~~ shall carefully plan the location, architectural
27 design, construction, and administration of a program to meet the needs of
28 juveniles in juvenile detention care. The physical facility of a regional
29 detention facility shall comply with all applicable State and federal standards.
30 The programs of a regional detention facility shall comply with the standards
31 established by the ~~Section-Division~~.

32 **"§ 143B-820. State subsidy to county detention facilities.**

33 The ~~Section-Division~~ shall administer a State subsidy program to pay a county that provides
34 juvenile detention services and meets State standards a certain per diem per juvenile. In general,
35 this per diem should be fifty percent (50%) of the total cost of caring for a juvenile from within
36 the county and one hundred percent (100%) of the total cost of caring for a juvenile from another
37 county. Any county placing a juvenile in a detention facility in another county shall pay fifty
38 percent (50%) of the total cost of caring for the juvenile to the ~~Section-Division~~. The ~~Section~~
39 ~~Division~~ may vary the exact funding formulas to operate within existing State appropriations or
40 other funds that may be available to pay for juvenile detention care.

41 **"§ 143B-821. Authority for implementation.**

42 In order to allow for effective implementation of a statewide regional approach to juvenile
43 detention, the ~~Section-Division~~ may:

44 ...

45 "Subpart D. Juvenile Court Services.

46 **"§ 143B-830. Duties and powers of chief court counselors.**

47 The chief court counselor in each district appointed under G.S. 143B-806(b)(15) may:

48 (1) Appoint juvenile court counselors, secretaries, and other personnel authorized
49 by the ~~Section-Division~~ in accordance with the personnel policies adopted by
50 the ~~Section-Division~~.

51 ...

1 (3) Provide in-service training for staff as required by the ~~Section~~Division.

2 ...

3 **"§ 143B-831. Duties and powers of juvenile court counselors.**

4 As the court or the chief court counselor may direct or require, all juvenile court counselors
5 shall have the following powers and duties:

6 ...

7 (14) Provide supervision for a juvenile transferred to the counselor's supervision
8 from another court or another state, and provide supervision for any juvenile
9 released from an institution operated by the ~~Section~~Division when requested
10 by the ~~Section~~Division to do so.

11 ...

12 (19) Have any other duties as the ~~Section~~Division may direct.

13 ...

14 "Subpart E. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.

15 **"§ 143B-840. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.**

16 (a) The ~~Section~~Division shall develop and implement a comprehensive juvenile
17 delinquency and substance abuse prevention plan and shall coordinate with County Councils for
18 implementation of a continuum of services and programs at the community level.

19 The ~~Section~~Division shall ensure that localities are informed about best practices in juvenile
20 delinquency and substance abuse prevention.

21 ...

22 (c) The ~~Section~~Division shall cooperate with all other affected State agencies and
23 entities in implementing this section.

24 ...

25 "Subpart F. Juvenile Crime Prevention Councils.

26 ...

27 **"§ 143B-851. Powers and duties.**

28 (a) Each County Council shall review annually the needs of juveniles in the county who
29 are at risk of delinquency or who have been adjudicated undisciplined or delinquent and the
30 resources available to address those needs. In particular, each County Council shall assess the
31 needs of juveniles in the county who are at risk or who have been associated with gangs or gang
32 activity, and the local resources that are established to address those needs. The Council shall
33 develop and advertise a request for proposal process and submit a written plan of action for the
34 expenditure of juvenile sanction and prevention funds to the board of county commissioners for
35 its approval. Upon the county's authorization, the plan shall be submitted to the ~~Section~~Division
36 for final approval and subsequent implementation.

37 (b) Each County Council shall ensure that appropriate intermediate dispositional options
38 are available and shall prioritize funding for dispositions of intermediate and community-level
39 sanctions for court-adjudicated juveniles under minimum standards adopted by the
40 ~~Section~~Division.

41 ...

42 **"§ 143B-853. Funding for programs.**

43 (a) Annually, the Division of ~~Adult Correction and~~ Juvenile Justice shall develop and
44 implement a funding mechanism for programs that meet the standards developed under this
45 Subpart. The Division shall ensure that the guidelines for the State and local partnership's funding
46 process include the following requirements:

47 ...

48 (c) The ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile Justice
49 of the Department of Public Safety shall report to the Senate and House of Representatives
50 Appropriations Subcommittees on Justice and Public Safety no later than March 1, 2006, and
51 annually thereafter, on the results of intensive intervention services. Intensive intervention

1 services are evidence-based or research-supported community-based or residential services that
2 are necessary for a juvenile in order to (i) prevent the juvenile's commitment to a youth
3 development center or detention facility or (ii) facilitate the juvenile's successful return to the
4 community following commitment. Specifically, the report shall provide a detailed description
5 of each intensive intervention service, including the numbers of juveniles served, their
6 adjudication status at the time of service, the services and treatments provided, the length of
7 service, the total cost per juvenile, and the six- and 12-month recidivism rates for the juveniles
8 after the termination of program services.

9 ...
10 **"§ 143B-935. Criminal history record checks of employees of and applicants for**
11 **employment with the Department of Health and Human Services, and the**
12 **Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice**
13 **of the Department of Public Safety.**

14 (a) Definitions. – As used in this section, the term:

15 (1) "Covered person" means any of the following:

16 a. An applicant for employment or a current employee in a position in
17 the ~~Juvenile Justice Section of the Division of Adult Correction and~~
18 Juvenile Justice of the Department of Public Safety who provides
19 direct care for a client, patient, student, resident or ward of the
20 Division.

21 b. A person who supervises positions in the ~~Juvenile Justice Section of~~
22 ~~the Division of Adult Correction and Juvenile Justice~~ of the
23 Department of Public Safety providing direct care for a client, patient,
24 student, resident or ward of the Division.

25 ...

26 f. An independent contractor or an employee of an independent
27 contractor who has contracted with the ~~Juvenile Justice Section of the~~
28 Division of ~~Adult Correction and Juvenile Justice~~ of the Department
29 of Public Safety to provide direct care for a client, patient, student,
30 resident, or ward of the Division.

31 g. A person who has been approved to perform volunteer services in or
32 for the ~~Juvenile Justice Section of the Division of Adult Correction~~
33 ~~and Juvenile Justice~~ of the Department of Public Safety to provide
34 direct care for a client, patient, student, resident, or ward of the
35 Division.

36 (2) "Criminal history" means a State or federal history of conviction of a crime,
37 whether a misdemeanor or felony, that bears upon a covered person's fitness
38 for employment in the Department of Health and Human Services or the
39 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile~~
40 Justice of the Department of Public Safety. The crimes include, but are not
41 limited to, criminal offenses as set forth in any of the following Articles of
42 Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing
43 Monetary Substitutes; Article 5A, Endangering Executive and Legislative
44 Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses;
45 Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13,
46 Malicious Injury or Damage by Use of Explosive or Incendiary Device or
47 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson
48 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,
49 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,
50 Obtaining Property or Services by False or Fraudulent Use of Credit Device
51 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article

1 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality
2 and Decency; Article 26A, Adult Establishments; Article 27, Prostitution;
3 Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public
4 Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots,
5 Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article
6 40, Protection of the Family; Article 59, Public Intoxication; and Article 60,
7 Computer-Related Crime. The crimes also include possession or sale of drugs
8 in violation of the North Carolina Controlled Substances Act, Article 5 of
9 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale
10 to underage persons in violation of G.S. 18B-302, or driving while impaired
11 in violation of G.S. 20-138.1 through G.S. 20-138.5.

12 (b) When requested by the Department of Health and Human Services or the ~~Juvenile~~
13 ~~Justice Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of
14 Public Safety, the North Carolina Department of Public Safety may provide to the requesting
15 department or division a covered person's criminal history from the State Repository of Criminal
16 Histories. Such requests shall not be due to a person's age, sex, race, color, national origin,
17 religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For
18 requests for a State criminal history record check only, the requesting department or division
19 shall provide to the Department of Public Safety a form consenting to the check signed by the
20 covered person to be checked and any additional information required by the Department of
21 Public Safety. National criminal record checks are authorized for covered applicants who have
22 not resided in the State of North Carolina during the past five years. For national checks the
23 Department of Health and Human Services or the ~~Juvenile Justice Section of the~~
24 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety shall provide to the
25 North Carolina Department of Public Safety the fingerprints of the covered person to be checked,
26 any additional information required by the Department of Public Safety, and a form signed by
27 the covered person to be checked consenting to the check of the criminal record and to the use of
28 fingerprints and other identifying information required by the State or National Repositories. The
29 fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search
30 of the State criminal history record file and the State Bureau of Investigation shall forward a set
31 of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
32 The Department of Health and Human Services and the ~~Juvenile Justice Section of the~~
33 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety shall keep all
34 information pursuant to this section confidential. The Department of Public Safety shall charge
35 a reasonable fee for conducting the checks of the criminal history records authorized by this
36 section.

37 (c) All releases of criminal history information to the Department of Health and Human
38 Services or the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~
39 of the Department of Public Safety shall be subject to, and in compliance with, rules governing
40 the dissemination of criminal history record checks as adopted by the North Carolina Department
41 of Public Safety. All of the information either department receives through the checking of the
42 criminal history is privileged information and for the exclusive use of that department.

43 (d) If the covered person's verified criminal history record check reveals one or more
44 convictions covered under subsection (a) of this section, then the conviction shall constitute just
45 cause for not selecting the person for employment, or for dismissing the person from current
46 employment with the Department of Health and Human Services or the ~~Juvenile Justice Section~~
47 ~~of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. The
48 conviction shall not automatically prohibit employment; however, the following factors shall be
49 considered by the Department of Health and Human Services or the ~~Juvenile Justice Section of~~
50 ~~the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety in
51 determining whether employment shall be denied:

1 ...
 2 (e) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~
 3 ~~the Division of Adult Correction and~~ Juvenile Justice of the Department of Public Safety may
 4 deny employment to or dismiss a covered person who refuses to consent to a criminal history
 5 record check or use of fingerprints or other identifying information required by the State or
 6 National Repositories of Criminal Histories. Any such refusal shall constitute just cause for the
 7 employment denial or the dismissal from employment.

8 (f) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~
 9 ~~the Division of Adult Correction and~~ Juvenile Justice of the Department of Public Safety may
 10 extend a conditional offer of employment pending the results of a criminal history record check
 11 authorized by this section.

12 ...

13 "Part 6. Division of Administration.

14 "Subpart A. Governor's Crime Commission.

15 **"§ 143B-1100. Governor's Crime Commission – creation; composition; terms; meetings,**
 16 **etc.**

17 (a) There is hereby created the Governor's Crime Commission of the Department of
 18 Public Safety. The Commission shall consist of 37 voting members and five nonvoting members.
 19 The composition of the Commission shall be as follows:

20 ...

21 (2) The nonvoting members shall be the Director of the State Bureau of
 22 Investigation, the Deputy Chief of the ~~Juvenile Justice Section of the~~ Division
 23 of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety
 24 who is responsible for Intervention/Prevention programs, the Deputy Chief of
 25 the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile
 26 Justice of the Department of Public Safety who is responsible for Youth
 27 Development programs, the Section Chief of the Section of Prisons of the
 28 Division of Adult Correction ~~and Juvenile Justice~~ and the Section Chief of the
 29 Section of Community Corrections of the Division of Adult ~~Correction and~~
 30 ~~Juvenile Justice~~ Correction.

31 (b) The membership of the Commission shall be selected as follows:

32 (1) The following members shall serve by virtue of their office: the Governor, the
 33 Chief Justice of the Supreme Court, the Attorney General, the Director of the
 34 Administrative Office of the Courts, the Secretary of the Department of Health
 35 and Human Services, the Secretary of Public Safety, the Director of the State
 36 Bureau of Investigation, the Section Chief of the Section of Prisons of the
 37 Division of Adult ~~Correction and Juvenile Justice~~, Correction, the Section
 38 Chief of the Section of Community Corrections of the Division of Adult
 39 ~~Correction and Juvenile Justice~~, Correction, the Deputy Chief who is
 40 responsible for Intervention/Prevention of the ~~Juvenile Justice Section of the~~
 41 Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public
 42 Safety, the Deputy Chief who is responsible for Youth Development of the
 43 ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile
 44 Justice of the Department of Public Safety, and the Superintendent of Public
 45 Instruction. Should the Chief Justice of the Supreme Court choose not to
 46 serve, his alternate shall be selected by the Governor from a list submitted by
 47 the Chief Justice which list must contain no less than three nominees from the
 48 membership of the Supreme Court.

49 ...

50 "Subpart B. Treatment for Effective Community Supervision Program.

51 ...

1 **"§ 143B-1152. Definitions.**

2 The following definitions apply in this Subpart:

3 ...

4 (2) Division. – The Division of Adult ~~Correction and Juvenile Justice~~.Correction.

5 ...

6 (6a) Section. – The Section of Community Corrections of the Division of Adult
7 ~~Correction and Juvenile Justice~~.Correction.

8 ...

9 **"§ 143B-1154. Eligible population.**

10 ...

11 (b) The priority populations for programs funded under this Subpart shall be as follows:

12 ...

13 (2) Offenders identified by the Division of Adult Correction ~~and Juvenile Justice~~
14 using a validated risk assessment instrument to have a high likelihood of
15 reoffending and a moderate to high need for substance abuse treatment.

16 **"§ 143B-1155. Duties of Division of Adult ~~Correction and Juvenile Justice~~.Correction.**

17 (a) In addition to those otherwise provided by law, the Division of Adult Correction ~~and~~
18 ~~Juvenile Justice~~ shall have the following duties:

19 ...

20 (b) The Section of Community Corrections of the Division of Adult Correction ~~and~~
21 ~~Juvenile Justice~~ shall develop and publish a recidivism reduction plan for the State that
22 accomplishes the following:

23 ...

24 **"§ 143B-1156. Contract for services.**

25 (a) The Division of Adult Correction ~~and Juvenile Justice~~ shall contract with service
26 providers through a competitive procurement process to provide community-based services to
27 offenders on probation, parole, or post-release supervision.

28 ...

29 (c) The Division of Adult ~~Correction and Juvenile Justice~~.Correction, in partnership with
30 the Department of Health and Human Services, shall develop standard service definitions and
31 performance measures for substance abuse and aftercare support services for inclusion in the
32 contracts.

33 ...

34 (e) The Division of Adult Correction ~~and Juvenile Justice~~ shall pay service providers the
35 contract base award upon the initiation of services with the remaining payments made as
36 milestones are reached as stated in the contract for services. If the service provider cancels or
37 terminates the contract prior to its conclusion, the service provider shall reimburse the Division
38 for the unearned pro rata portion of the base award.

39 ...

40 **"§ 143B-1161. Justice Reinvestment Council.**

41 (a) The Justice Reinvestment Council is established to act as an advisory body to the
42 ~~Commissioner of Adult Correction~~ Secretary of the Department of Public Safety with regard to
43 this Subpart. The Council shall consist of 13 members as follows, to be appointed as provided in
44 subsection (b) of this section:

45 ...

46 (d) The purpose of the Justice Reinvestment Council in conjunction with the Department
47 of Public Safety, Division of Adult ~~Correction and Juvenile Justice~~.Correction, is to:

48"

49 **SECTION 19C.9.(b)** The following statutes are amended by deleting the language
50 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting
51 "Division of Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3,

1 7B-2517, 14-202, 14-208.6, 14-208.20, 14-208.22, 14-208.40, 14-208.40A, 14-208.40B,
2 14-208.40C, 14-208.41, 14-208.42, 14-208.43, 14-208.44, 14-208.45, 14-254.5, 14-258.1,
3 14-258.2, 14-258.3, 14-269, 14-415.10, 15-6.1, 15-10.1, 15-194, 15-196.3, 15-206, 15-209,
4 15A-145, 15A-145.1, 15A-145.2, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, 15A-149,
5 15A-534, 15A-534.1, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-830, 15A-832, 15A-837,
6 15A-1332, 15A-1340.13, 15A-1340.16, 15A-1340.18, 15A-1340.20, 15A-1342, 15A-1343.3,
7 15A-1351, 15A-1352, 15A-1353, 15A-1354, 15A-1355, 15A-1368, 15A-1368.2, 15A-1368.3,
8 15A-1368.4, 15A-1368.6, 15A-1369, 15A-1369.4, 15A-1371, 15A-1374, 15A-1376, 15B-21,
9 15B-31, 15B-32, 20-19, 20-28, 20-79.4, 20-81.12, 20-179, 20-179.3, 50-13.2, 65-4, 66-25, 66-58,
10 97-13, 105-259, 106-915, 115C-46.2, 122C-22, 122C-55, 122C-62, 122C-312, 122C-313,
11 122C-402, 126-23, 127A-54, 130A-25, 131E-98, 131E-184, 131E-214.1, 135-1, 143-63.1,
12 143-300.7, 143-599, 143B-179, 143B-1154, 146-33, 147-12, 148-2, 148-3, 148-4, 148-4.1,
13 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-11, 148-12, 148-18,
14 148-18.1, 148-19, 148-19.1, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24,
15 148-26, 148-26.5, 148-28, 148-29, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37,
16 148-37.3, 148-40, 148-41, 148-45, 148-46.1, 148-53, 148-54, 148-59, 148-64, 148-64.1,
17 148-65.6, 148-65.7, 148-66, 148-67, 148-70, 148-74, 148-78, 148-118.1, 148-118.2, 148-118.4,
18 148-118.5, 148-118.6, 148-130, 148-131, 148-132, 148-134, 150B-1, 153A-221, 153A-230.1,
19 153A-230.2, 153A-230.3, 153A-230.5, 160A-287, 162-39, 163-82.20A, 164-42, 164-47, and
20 164-50.

21 **SECTION 19C.9.(c)** The following statutes are amended by deleting the language
22 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting
23 "Division of Juvenile Justice": G.S. 7B-1501, 7B-2055, 106-915, 115C-106.3, 115C-107.6,
24 115C-108.1, 115C-296.2, 115C-325.10, 143B-853, and 153A-218.

25 **SECTION 19C.9.(d)** The following statutes are amended by deleting the language
26 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice"
27 wherever it appears and substituting "Section of Community Corrections of the Division of Adult
28 Correction": G.S. 7B-3000, 7B-3001, 7B-3100, 14-208.40C, 14-208.41, 15A-837, 15A-1342,
29 15A-1368.4, 15A-1369.4, 15A-1371, 20-179.3, 105-259, 115C-46.2, 143B-708, and 148-65.6.

30 **SECTION 19C.9.(e)** The following statutes are amended by deleting the language
31 "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears
32 and substituting "Section of Prisons of the Division of Adult Correction": G.S. 14-208.6,
33 14-208.40C, 14-258.2, 130A-25, 148-11, 148-18, 148-29, and 148-130.

34 **SECTION 19C.9.(f)** The following statutes are amended by deleting the language
35 "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it
36 appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100,
37 14-239, 14-258.1, 14-316.1, 15-6, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117,
38 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391, 148-32.1,
39 153A-221.1, 162-60, and 164-43.

40 **SECTION 19C.9.(g)** G.S. 7B-1402(b) reads as rewritten:

41 "(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio
42 members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by
43 the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President
44 Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may
45 designate representatives from their particular departments, divisions, or offices to represent
46 them on the Task Force. In making appointments or designating representatives, appointing
47 authorities and ex officio members shall use best efforts to select members or representatives
48 with sufficient knowledge and experience to effectively contribute to the issues examined by the
49 Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial
50 diversity of this State. The members shall be as follows:

51 ...

1 (11a) The Director of the ~~Juvenile Justice Section~~, Division of ~~Adult Correction and~~
2 Juvenile Justice, Department of Public Safety.

3"

4 **SECTION 19C.9.(g1)** G.S. 7B-2204 reads as rewritten:

5 "**§ 7B-2204. Right to pretrial release; detention.**

6 (a) Once the order of transfer has been entered, the juvenile has the right to pretrial release
7 as provided in G.S. 15A-533 and G.S. 15A-534. The release order shall specify the person or
8 persons to whom the juvenile may be released. Pending release, the court shall order that the
9 juvenile be detained in a detention facility while awaiting trial. Personnel of the ~~Juvenile Justice~~
10 ~~Section of the Division~~, Division of Juvenile Justice, or personnel approved by the ~~Juvenile~~
11 ~~Justice Section~~, Division of Juvenile Justice, shall transport the juvenile from the detention
12 facility to court.

13 (b) The court may order the juvenile to be held in a holdover facility at any time the
14 presence of the juvenile is required in court for pretrial hearings or trial, if the court finds that it
15 would be inconvenient to return the juvenile to the detention facility. Personnel of the ~~Justice~~
16 ~~Section of the Division~~, Division of Juvenile Justice, or personnel approved by the ~~Juvenile~~
17 ~~Justice Section~~, Division of Juvenile Justice, shall transport the juvenile from the holdover
18 facility to court and shall transport the juvenile back to the detention center.

19 (c) If the juvenile reaches the age of 18 years while awaiting the completion of
20 proceedings in superior court, the juvenile shall be transported by personnel of the ~~Juvenile~~
21 ~~Justice Section of the Division~~, Division of Juvenile Justice, or personnel approved by the
22 ~~Juvenile Justice Section~~, Division of Juvenile Justice, to the custody of the sheriff of the county
23 where the charges arose.

24 (d) Should the juvenile be found guilty, or enter a plea of guilty or no contest to a criminal
25 offense in superior court and receive an active sentence, then immediate transfer to the Division
26 of Adult Correction and ~~Juvenile Justice~~ of the Department of Public Safety shall be ordered.
27 Until such time as the juvenile is transferred to the Division of Adult Correction and ~~Juvenile~~
28 ~~Justice~~ of the Department of Public Safety, the juvenile may be detained in a holdover ~~facility~~.
29 facility authorized by the Division of Juvenile Justice of the Department of Public Safety. The
30 juvenile may not be detained in a detention facility pending transfer to the Division of Adult
31 Correction and ~~Juvenile Justice~~ of the Department of Public Safety, unless the detention facility
32 is operated by the sheriff pursuant to G.S. 7B-1905(b).

33 (e) The juvenile may be kept by the Division of Adult Correction and ~~Juvenile Justice~~ of
34 the Department of Public Safety as a safekeeper until the juvenile is placed in an appropriate
35 correctional program."

36 **SECTION 19C.9.(h)** G.S. 15A-521 reads as rewritten:

37 "**§ 15A-521. Commitment to detention facility pending trial.**

38 (a) Commitment. – Every person charged with a crime and held in custody who has not
39 been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order
40 of the judicial official who conducted the initial appearance as provided in Article 24 to an
41 appropriate detention facility as provided in this section. If the person being committed by written
42 order is under the age of 18, that person must be committed to a detention facility approved by
43 the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~
44 to provide secure confinement and care for juveniles, or to a holdover facility as defined in
45 G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in
46 custody, the person shall be transported by personnel of the Division of Juvenile Justice ~~Section~~
47 ~~of the Division~~, Justice or personnel approved by the ~~Juvenile Justice Section~~, Division of
48 Juvenile Justice to the custody of the sheriff of the county where the charges arose.

49 ...

50 (c) Copies and Use of Order, Receipt of Prisoner. –

51 ...

1 (2) The jailer or personnel of the Division of Juvenile Justice ~~Section~~ must receive
 2 the prisoner and the order of commitment, and note on the order of
 3 commitment the time and date of receipt. As used in this subdivision, "jailer"
 4 includes any person having control of a detention facility and "personnel of
 5 the ~~Juvenile Justice Section~~" Division of Juvenile Justice" includes personnel
 6 approved by the ~~Juvenile Justice Section~~ Division of Juvenile Justice.

7 (3) Upon releasing the prisoner pursuant to the terms of the order, or upon
 8 delivering the prisoner to the court, the jailer or personnel of the Division of
 9 Juvenile Justice ~~Section~~ must note the time and date on the order and return it
 10 to the clerk. Personnel of the ~~Juvenile Justice Section~~, Division of Juvenile
 11 Justice, or personnel approved by the ~~Juvenile Justice Section~~, Division of
 12 Juvenile Justice, shall transport the person under the age of 18 from the
 13 juvenile detention facility or holdover facility to court and shall transfer the
 14 person back to the juvenile detention facility or holdover facility.

15"

16 **SECTION 19C.9.(i)** G.S. 15A-1301 reads as rewritten:

17 **"§ 15A-1301. Order of commitment to imprisonment when not otherwise specified.**

18 When a judicial official orders that a defendant be imprisoned he must issue an appropriate
 19 written commitment order. When the commitment is to a sentence of imprisonment, the
 20 commitment must include the identification and class of the offense or offenses for which the
 21 defendant was convicted and, if the sentences are consecutive, the maximum sentence allowed
 22 by law upon conviction of each offense for the punishment range used to impose the sentence for
 23 the class of offense and prior record or conviction level, and, if the sentences are concurrent or
 24 consolidated, the longest of the maximum sentences allowed by law for the classes of offense
 25 and prior record or conviction levels upon conviction of any of the offenses. If the person
 26 sentenced to imprisonment is under the age of 18, the person must be committed to a ~~detention~~
 27 ~~facility approved by the Juvenile Justice Section of the Division of Adult Correction and Juvenile~~
 28 ~~Justice pursuant to G.S. 15A-1352~~ to provide secure confinement and care for juveniles. If the
 29 person is under the age of 18, the person may be temporarily confined in a holdover facility as
 30 defined in G.S. 7B-1501(11) until the person can be transferred to a ~~juvenile detention facility~~
 31 ~~facility pursuant to G.S. 15A-1352~~. Personnel of the Division of Juvenile Justice ~~Section~~ or
 32 personnel approved by the Division of Juvenile Justice ~~Section~~ shall transport the person to the
 33 juvenile detention facility or the holdover facility."

34 **SECTION 19C.9.(j)** G.S. 15A-1343 reads as rewritten:

35 **"§ 15A-1343. Conditions of probation.**

36 ...

37 (a1) Community and Intermediate Probation Conditions. – In addition to any conditions a
 38 court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any
 39 one or more of the following conditions as part of a community or intermediate punishment:

40 ...

41 (3) Submission to a period or periods of confinement in a local confinement
 42 facility for a total of no more than six days per month during any three separate
 43 months during the period of probation. The six days per month confinement
 44 provided for in this subdivision may only be imposed as two-day or three-day
 45 consecutive periods. When a defendant is on probation for multiple
 46 judgments, confinement periods imposed under this subdivision shall run
 47 concurrently and may total no more than six days per month. If the person
 48 being ordered to a period or periods of confinement is under the age of 18,
 49 that person must be confined in a detention facility approved by the Division
 50 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
 51 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover

1 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period
 2 or periods of confinement reaches the age of 18 years while in confinement,
 3 the person may be transported by personnel of the Division of Juvenile Justice
 4 ~~Section of the Division, Justice,~~ or personnel approved by the Division of
 5 ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable
 6 local confinement facility.

7 ...

8 (b) Regular Conditions. – As regular conditions of probation, a defendant must:

9 ...

10 (16) Supply a breath, urine, or blood specimen for analysis of the possible presence
 11 of prohibited drugs or alcohol when instructed by the defendant's probation
 12 officer for purposes directly related to the probation supervision. If the results
 13 of the analysis are positive, the probationer may be required to reimburse the
 14 Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
 15 Safety for the actual costs of drug or alcohol screening and testing.

16 ...

17 In addition to these regular conditions of probation, a defendant required to serve an active
 18 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or
 19 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and
 20 regulations of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
 21 Safety governing the conduct of inmates while imprisoned and report to a probation officer in
 22 the State of North Carolina within 72 hours of his discharge from the active term of
 23 imprisonment.

24 ...

25 (b1) Special Conditions. – In addition to the regular conditions of probation specified in
 26 subsection (b), the court may, as a condition of probation, require that during the probation the
 27 defendant comply with one or more of the following special conditions:

28 ...

29 (6) Perform community or reparation service under the supervision of the Section
 30 of Community Corrections of the Division of Adult Correction ~~and Juvenile~~
 31 ~~Justice~~ and pay the fee required by G.S. 143B-708.

32 ...

33 (b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses
 34 Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a
 35 defendant who has been convicted of an offense which is a reportable conviction as defined in
 36 G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

37 ...

38 (8) Submit to satellite-based monitoring pursuant to Part 5 of Article 27A of
 39 Chapter 14 of the General Statutes, if the defendant is in the category
 40 described by G.S. 14-208.40(a)(2), and the Division of Adult Correction ~~and~~
 41 ~~Juvenile Justice~~ of the Department of Public Safety, based on the Division's
 42 risk assessment program, recommends that the defendant submit to the highest
 43 possible level of supervision and monitoring.

44 (9) Submit at reasonable times to warrantless searches by a probation officer of
 45 the probationer's person and of the probationer's vehicle and premises while
 46 the probationer is present, for purposes specified by the court and reasonably
 47 related to the probation supervision, but the probationer may not be required
 48 to submit to any other search that would otherwise be unlawful. For purposes
 49 of this subdivision, warrantless searches of the probationer's computer or other
 50 electronic mechanism which may contain electronic data shall be considered
 51 reasonably related to the probation supervision. Whenever the warrantless

1 search consists of testing for the presence of illegal drugs, the probationer may
2 also be required to reimburse the Division of Adult Correction ~~and Juvenile~~
3 ~~Justice~~ of the Department of Public Safety for the actual cost of drug screening
4 and drug testing, if the results are positive.

5 Defendants subject to the provisions of this subsection shall not be placed on unsupervised
6 probation.

7 (b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit
8 to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART)
9 or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division
10 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety must undergo a
11 screening to determine chemical dependency. If the screening indicates the defendant is
12 chemically dependent, the court shall order an assessment to determine the appropriate level of
13 treatment. The assessment may be conducted either before or after the court imposes the
14 condition, but participation in the program shall be based on the results of the assessment.

15 (b4) Intermediate Conditions. – The following conditions of probation apply to each
16 defendant subject to intermediate punishment:

17 (1) If required in the discretion of the defendant's probation officer, perform
18 community service under the supervision of the Section of Community
19 Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ and pay
20 the fee required by G.S. 143B-708.

21 ...

22 (c) Statement of Conditions. – A defendant released on supervised probation must be
23 given a written statement explicitly setting forth the conditions on which the defendant is being
24 released. If any modification of the terms of that probation is subsequently made, the defendant
25 must be given a written statement setting forth the modifications.

26 Upon entry of an order of supervised probation by the court, a defendant shall submit to the
27 Division of Adult Correction ~~and Juvenile Justice~~ for filing with the clerk of superior court a
28 signed document stating that:

29"

30 **SECTION 19C.9.(k)** G.S. 15A-1343.2 reads as rewritten:

31 **"§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

32 ...

33 (b) Purposes of Probation for Community and Intermediate Punishments. – The Division
34 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall develop a plan
35 to handle offenders sentenced to community and intermediate punishments. The probation
36 program designed to handle these offenders shall have the following principal purposes: to hold
37 offenders accountable for making restitution, to ensure compliance with the court's judgment, to
38 effectively rehabilitate offenders by directing them to specialized treatment or education
39 programs, and to protect the public safety.

40 (b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the
41 probation program developed by the Division of Adult Correction ~~and Juvenile Justice~~ of the
42 Department of Public Safety pursuant to subsection (b) of this section, the Division of Adult
43 Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall use a validated
44 instrument to assess each probationer for risk of reoffending and shall place a probationer in a
45 supervision level based on the probationer's risk of reoffending and criminogenic needs.

46 ...

47 (e) Delegation to Probation Officer in Community Punishment. – Unless the presiding
48 judge specifically finds in the judgment of the court that delegation is not appropriate, the Section
49 of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the
50 Department of Public Safety may require an offender sentenced to community punishment to do
51 any of the following:

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SECTION 19C.9.(I)
"§ 15A-1344. Response to violations; alteration and revocation.
...
(c)

Submit to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility.

Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding judge specifically finds in the judgment of the court that delegation is not appropriate, the Section of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety may require an offender sentenced to intermediate punishment to do any of the following:

Submit to a period or periods of confinement in a local confinement facility for a total of no more than six days per month during any three separate months during the period of probation. The six days per month confinement provided for in this subdivision may only be imposed as two-day or three-day consecutive periods. When a defendant is on probation for multiple judgments, confinement periods imposed under this subdivision shall run concurrently and may total no more than six days per month. If the person being ordered to a period or periods of confinement is under the age of 18, that person must be confined in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered to a period or periods of confinement reaches the age of 18 years while in confinement, the person may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility.

SECTION 19C.9.(I) G.S. 15A-1344 reads as rewritten:
"§ 15A-1344. Response to violations; alteration and revocation.

Procedure on Altering or Revoking Probation; Returning Probationer to District Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation outside the county where the judgment was entered, the clerk must send a copy of the order and any other records to the court where probation was originally imposed. A court on its own motion may return the probationer to the district court district as defined in G.S. 7A-133 or superior court

1 district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was
2 imposed or where the probationer resides for reduction, termination, continuation, extension,
3 modification, or revocation of probation. In cases where the probation is revoked in a county
4 other than the county of original conviction the clerk in that county must issue a commitment
5 order and must file the order revoking probation and the commitment order, which will constitute
6 sufficient permanent record of the proceeding in that court, and must send a certified copy of the
7 order revoking probation, the commitment order, and all other records pertaining thereto to the
8 county of original conviction to be filed with the original records. The clerk in the county other
9 than the county of original conviction must issue the formal commitment to the Division of Adult
10 Correction and Juvenile Justice of the Department of Public Safety.

11 ...

12 (d2) Confinement in Response to Violation. – When a defendant under supervision for a
13 felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or
14 G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to
15 be served in the custody of the Division of Adult Correction and Juvenile Justice of the
16 Department of Public Safety. The court may not revoke probation unless the defendant has
17 previously received a total of two periods of confinement under this subsection. A defendant may
18 receive only two periods of confinement under this subsection. The 90-day term of confinement
19 ordered under this subsection for a felony shall not be reduced by credit for time already served
20 in the case. Any such credit shall instead be applied to the suspended sentence. However, if the
21 time remaining on the maximum imposed sentence on a defendant under supervision for a felony
22 conviction is 90 days or less, then the term of confinement is for the remaining period of the
23 sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

24 When a defendant under supervision for a misdemeanor conviction sentenced pursuant to
25 Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other
26 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of
27 confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of
28 confinement is under the age of 18, that person must be confined in a detention facility approved
29 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
30 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined
31 in G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of
32 18 years while in confinement, the person may be transported by personnel of the Division of
33 ~~Juvenile Justice~~ ~~Section of the Division, Justice,~~ or personnel approved by the Division of
34 ~~Juvenile Justice~~ ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement
35 facility. The court may not revoke probation unless the defendant has previously received at least
36 two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1)
37 or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to
38 G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of
39 confinement must have been imposed for a violation that occurred after the defendant served the
40 first period of confinement. Confinement under this section shall be credited pursuant to
41 G.S. 15-196.1.

42 When a defendant under supervision for a misdemeanor conviction not sentenced pursuant
43 to Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other
44 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of
45 confinement of up to 90 consecutive days to be served where the defendant would have served
46 an active sentence. The court may not revoke probation unless the defendant has previously
47 received a total of two periods of confinement under this subsection. A defendant may receive
48 only two periods of confinement under this subsection. Confinement under this section shall be
49 credited pursuant to G.S. 15-196.1.

1 The period of confinement imposed under this subsection on a defendant who is on probation
2 for multiple offenses shall run concurrently on all cases related to the violation. Confinement
3 shall be immediate unless otherwise specified by the court.

4 (e) Special Probation in Response to Violation. – When a defendant has violated a
5 condition of probation, the court may modify the probation to place the defendant on special
6 probation as provided in this subsection. In placing the defendant on special probation, the court
7 may continue or modify the conditions of probation and in addition require that the defendant
8 submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever
9 time or intervals within the period of probation the court determines. In addition to any other
10 conditions of probation which the court may impose, the court shall impose, when imposing a
11 period or periods of imprisonment as a condition of special probation, the condition that the
12 defendant obey the rules and regulations of the Division of Adult Correction ~~and Juvenile Justice~~
13 of the Department of Public Safety governing conduct of inmates, and this condition shall apply
14 to the defendant whether or not the court imposes it as a part of the written order. If imprisonment
15 is for continuous periods, the confinement may be in either the custody of the Division of Adult
16 Correction ~~and Juvenile Justice~~ of the Department of Public Safety or a local confinement
17 facility. Noncontinuous periods of imprisonment under special probation may only be served in
18 a designated local confinement or treatment facility. If the person being ordered to a period or
19 periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person
20 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~
21 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care
22 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered
23 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person
24 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~
25 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice~~, to the custody
26 of the sheriff of the applicable local confinement facility.

27 Except for probationary sentences for impaired driving under G.S. 20-138.1, the total of all
28 periods of confinement imposed as an incident of special probation, but not including an activated
29 suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment
30 imposed for the offense. For probationary sentences for impaired driving under G.S. 20-138.1,
31 the total of all periods of confinement imposed as an incident of special probation, but not
32 including an activated suspended sentence, shall not exceed one-fourth the maximum penalty
33 allowed by law. No confinement other than an activated suspended sentence may be required
34 beyond the period of probation or beyond two years of the time the special probation is imposed,
35 whichever comes first.

36 (e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a
37 condition of probation, the court may hold the defendant in criminal contempt as provided in
38 Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall
39 not revoke the probation. If the offender serves a sentence for contempt in a local confinement
40 facility, the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
41 shall pay for the confinement at the standard rate set by the General Assembly pursuant to
42 G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that
43 subsection.

44"

45 **SECTION 19C.9.(m)** G.S. 15A-1351(a) reads as rewritten:

46 "(a) The judge may sentence to special probation a defendant convicted of a criminal
47 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record
48 or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment
49 is authorized for the class of offense of which the defendant has been convicted. A defendant
50 convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation.
51 Under a sentence of special probation, the court may suspend the term of imprisonment and place

1 the defendant on probation as provided in Article 82, Probation, and in addition require that the
2 defendant submit to a period or periods of imprisonment in the custody of the Division of Adult
3 Correction ~~and Juvenile Justice~~ of the Department of Public Safety or a designated local
4 confinement or treatment facility at whatever time or intervals within the period of probation,
5 consecutive or nonconsecutive, the court determines, as provided in this subsection. For
6 probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all
7 imprisonment under this subsection shall be in a designated local confinement or treatment
8 facility. If the person being ordered to a period or periods of imprisonment is under the age of
9 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile
10 ~~Justice Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure
11 confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If
12 the person being ordered to a period or periods of imprisonment reaches the age of 18 years while
13 imprisoned, the person may be transported by personnel of the Division of Juvenile Justice
14 ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice
15 ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility. In
16 addition to any other conditions of probation which the court may impose, the court shall impose,
17 when imposing a period or periods of imprisonment as a condition of special probation, the
18 condition that the defendant obey the Rules and Regulations of the Division of Adult Correction
19 ~~and Juvenile Justice~~ of the Department of Public Safety governing conduct of inmates, and this
20 condition shall apply to the defendant whether or not the court imposes it as a part of the written
21 order. Except for probationary sentences for misdemeanors, including impaired driving under
22 G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody
23 of either the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
24 or a local confinement facility. Noncontinuous periods of imprisonment under special probation
25 may only be served in a designated local confinement or treatment facility. If the person being
26 ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that person
27 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~
28 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care
29 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered
30 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person
31 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~
32 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody
33 of the sheriff of the applicable local confinement facility. Except for probationary sentences of
34 impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an
35 incident of special probation, but not including an activated suspended sentence, may not exceed
36 one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement
37 other than an activated suspended sentence may be required beyond two years of conviction. For
38 probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of
39 confinement imposed as an incident of special probation, but not including an activated
40 suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In
41 imposing a sentence of special probation, the judge may credit any time spent committed or
42 confined, as a result of the charge, to either the suspended sentence or to the imprisonment
43 required for special probation. The original period of probation, including the period of
44 imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but
45 may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court
46 may revoke, modify, or terminate special probation as otherwise provided for probationary
47 sentences."

48 **SECTION 19C.9.(n)** G.S. 15A-1352 reads as rewritten:

49 "**§ 15A-1352. Commitment to Division of Adult Correction ~~and Juvenile Justice~~ of the**
50 **Department of Public Safety or local confinement facility.**

1 (a) Except as provided in subsection (f) of this section, a person sentenced to
2 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction
3 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by
4 the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or,
5 if the period is for 90 days or less, to a local confinement facility, except as provided for in
6 G.S. 148-32.1(b).

7 If a person is sentenced to imprisonment for a misdemeanor under this Article or for
8 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding
9 of fact as to whether the person would be suitable for placement in a county satellite jail/work
10 release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of
11 fact that the person would be suitable for placement in a county satellite jail/work release unit
12 and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the
13 local confinement facility may transfer the misdemeanant to a county satellite jail/work release
14 unit.

15 If the person sentenced to imprisonment is under the age of 18, the person must be committed
16 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~
17 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.
18 Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by
19 the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the
20 person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may
21 be transported by personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~
22 or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the
23 sheriff of the applicable local confinement facility.

24 (b) A person sentenced to imprisonment for a felony under this Article or for nonpayment
25 of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the
26 term designated by the court to the custody of the Division of Adult Correction ~~and Juvenile~~
27 ~~Justice~~ of the Department of Public Safety.

28 ...

29 (f) A person sentenced to imprisonment of any duration for impaired driving under
30 G.S. 20-138.1, other than imprisonment required as a condition of special probation under
31 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant
32 Confinement Program established under G.S. 148-32.1.

33 If the person sentenced to imprisonment is under the age of 18, the person must be committed
34 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~
35 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.
36 Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of
37 Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced
38 to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by
39 personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel
40 approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the
41 applicable local confinement facility."

42
43 **SECTION 19C.9.(o)** G.S. 15A-2000(e) reads as rewritten:

44 "(e) Aggravating Circumstances. – Aggravating circumstances which may be considered
45 are limited to the following:

46 ...

47 (8) The capital felony was committed against a law-enforcement officer,
48 employee of either the Division of Adult Correction ~~and~~ or the Division of
49 Juvenile Justice of the Department of Public Safety, jailer, fireman, judge or
50 justice, former judge or justice, prosecutor or former prosecutor, juror or
51 former juror, or witness or former witness against the defendant, while

1 engaged in the performance of his official duties or because of the exercise of
2 his official duty.

3"

4 **SECTION 19C.9.(p)** G.S. 17C-3(a)(6) reads as rewritten:

5 "(a) There is established the North Carolina Criminal Justice Education and Training
6 Standards Commission, hereinafter called "the Commission." The Commission shall be
7 composed of 34 members as follows:

8 ...

9 (6) Adult Correction and Juvenile Justice. – Four correctional officers in
10 management positions employed by the Division of Adult Correction ~~and~~
11 ~~Juvenile Justice~~ of the Department of Public Safety shall be appointed, two
12 from the Section of Community Corrections upon the recommendation of the
13 Speaker of the House of Representatives and two from the Section of Prisons
14 upon the recommendation of the President Pro Tempore of the Senate.
15 Appointments by the General Assembly shall be made in accordance with
16 G.S. 120-122. Appointments by the General Assembly shall serve two-year
17 terms to conclude on June 30th in odd-numbered years or until the appointee
18 no longer serves in a management position with the Division of Adult
19 ~~Correction and Juvenile Justice~~, Correction, whichever occurs first. The
20 Governor shall appoint one correctional officer employed by the Division of
21 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety and
22 assigned to the Office of Staff Development and Training, and one juvenile
23 justice officer employed by the Division of Juvenile Justice ~~Section of the~~
24 ~~Division of Adult Correction and Juvenile Justice~~. The Governor's
25 appointments shall serve three-year terms or until the appointee is no longer
26 assigned to the Office of Staff Development and Training or is no longer a
27 juvenile justice officer, whichever occurs first."

28 **SECTION 19C.9.(q)** G.S. 108A-14(a) reads as rewritten:

29 "(a) The director of social services shall have the following duties and responsibilities:

30 ...

31 (9) To assist and cooperate with the Division of Adult Correction and the Division
32 of Juvenile Justice of the Department of Public Safety and their
33 representatives;

34"

35 **SECTION 19C.9.(r)** G.S. 115D-5(b) reads as rewritten:

36 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
37 curricular courses and of noncurricular extension courses at convenient locations away from
38 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
39 portion of the established regular tuition rate charged a full-time student shall be charged a
40 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
41 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
42 registration fees, to be charged students enrolling in extension courses for which instruction is
43 financed primarily from State funds. The State Board of Community Colleges may provide by
44 general and uniform regulations for waiver of tuition and registration fees for the following:

45 ...

46 (2) Courses requested by the following entities that support the organizations'
47 training needs and are on a specialized course list approved by the State Board
48 of Community Colleges:

49 ...

50 g. The Division of Adult Correction and the Division of Juvenile Justice
51 of the Department of Public Safety for the training of full-time

1 custodial employees and employees of the ~~Division~~Divisions required
2 to be certified under Article 1 of Chapter 17C of the General Statutes
3 and the rules of the Criminal Justice and Training Standards
4 Commission.

5 "

6 **SECTION 19C.9.(s)** G.S. 120-70.94(a) reads as rewritten:

7 "(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall
8 examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems
9 in North Carolina, in order to make ongoing recommendations to the General Assembly on ways
10 to improve those systems and to assist those systems in realizing their objectives of protecting
11 the public and of punishing and rehabilitating offenders. In this examination, the Committee
12 shall:

13 ...

14 (2) Examine the effectiveness of the Division of Adult Correction ~~and Juvenile~~
15 ~~Justice~~ of the Department of Public Safety in implementing the public policy
16 stated in G.S. 148-26 of providing work assignments and employment for
17 inmates as a means of reducing the cost of maintaining the inmate population
18 while enabling inmates to acquire or retain skills and work habits needed to
19 secure honest employment after their release.

20 ...

21 (2b) Examine the effectiveness of the Division of ~~Adult Correction and Juvenile~~
22 Justice of the Department of Public Safety in implementing the duties and
23 responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B
24 of the General Statutes and the overall effectiveness and efficiency of the
25 juvenile justice system in the State.

26 ...

27 (10) Study the needs of juveniles. This study may include, but is not limited to:
28 a. Determining the adequacy and appropriateness of services:
29 1. To children and youth receiving child welfare
30 ~~services;services.~~
31 2. To children and youth in the juvenile court ~~system;system.~~
32 3. Provided by the Division of Social Services of the Department
33 of Health and Human Services and the Division of ~~Adult~~
34 ~~Correction and Juvenile Justice~~ of the Department of Public
35 ~~Safety;Safety.~~
36 4. To children and youth served by the Mental Health,
37 Developmental Disabilities, and Substance Abuse Services
38 system.

39 "

40 **SECTION 19C.9.(t)** The title of Part 10 of Article 5 of Chapter 122C of the General
41 Statutes reads as rewritten:

42 "Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and
43 Parolees, Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
44 Safety."

45 **SECTION 19C.9.(u)** G.S. 126-5(c3) reads as rewritten:

46 "(c3) Except as to the policies, rules, and plans established by the Commission pursuant to
47 G.S. 126-4(5) and the provisions of Article 6 of this Chapter, the provisions of this Chapter shall
48 not apply to: Teaching and related educational classes of employees of the Division of ~~Adult~~
49 ~~Correction and Juvenile Justice~~ of the Department of Public Safety, the Department of Health
50 and Human Services, and any other State department, agency or institution, whose salaries shall

1 be set in the same manner as set for corresponding public school employees in accordance with
2 Chapter 115C of the General Statutes."

3 **SECTION 19C.9.(v)** G.S. 143-138(g) reads as rewritten:

4 "(g) Publication and Distribution of Code. – The Building Code Council shall cause to be
5 printed, after adoption by the Council, the North Carolina State Building Code and each
6 amendment thereto. It shall, at the State's expense, distribute copies of the Code and each
7 amendment to State and local governmental officials, departments, agencies, and educational
8 institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only
9 on written request to the Council.)

10 OFFICIAL OR AGENCY NUMBER OF COPIES

11 ...

12 Division of Adult Correction of the Department of Public Safety..... 1

13 ~~and~~ Division of Juvenile Justice of the Department of Public Safety 1

14"

15 **SECTION 19C.9.(w)** G.S. 143-166.1 reads as rewritten:

16 **"§ 143-166.1. Purpose.**

17 In consideration of hazardous public service rendered to the people of this State, there is
18 hereby provided a system of benefits for dependents of law-enforcement officers, firefighters,
19 rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official
20 duties, and for dependents of noncustodial employees of the Division of Adult Correction and
21 the Division of Juvenile Justice of the Department of Public Safety killed by an individual or
22 individuals in the custody of the Division of Adult Correction ~~and~~ or the Division of Juvenile
23 Justice of the Department of Public Safety."

24 **SECTION 19C.9.(x)** G.S. 143-166.2 reads as rewritten:

25 **"§ 143-166.2. Definitions.**

26 The following definitions apply in this Article:

27 (1) Covered person. – This term shall apply to all of the following individuals:

- 28 a. Firefighters.
- 29 b. Law enforcement officers.
- 30 c. Noncustodial employees of either the Division of Adult Correction
- 31 ~~and~~ or the Division of Juvenile Justice of the Department of Public
- 32 Safety.
- 33 d. Rescue squad workers.
- 34 e. Senior Civil Air Patrol members.

35 (2) Custodial employee. – An employee of either the Division of Adult Correction
36 ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety who
37 is a detention officer or a correctional officer or who otherwise has direct care
38 and control over individuals in the custody of the ~~Division of Adult Correction~~
39 ~~and Juvenile Justice of the Department of Public Safety.~~

40 ...

41 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

- 42 ...
- 43 c. The death of a noncustodial employee who, while performing his or
- 44 her official duties, is killed in a manner reasonably determined by the
- 45 Industrial Commission to be directly caused by an individual or
- 46 individuals in the custody of either the Division of Adult Correction
- 47 ~~and~~ or the Division of Juvenile Justice of the Department of Public
- 48 Safety.

49 ...

50 (7) Law enforcement officer or officer. – This term shall apply to all of the
51 following individuals:

- 1 ...
- 2 b. Full-time custodial employees and probation and parole officers of the
- 3 Division of Adult Correction ~~and Juvenile Justice~~ of the Department
- 4 of Public Safety.
- 5 c. Full-time institutional and full-time, permanent part-time, and
- 6 temporary detention employees of the Division of Juvenile Justice
- 7 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the
- 8 Department of Public Safety.
- 9 ...
- 10 (8) Noncustodial employee. – An employee of the Division of Adult Correction
- 11 ~~and~~ or of the Division of Juvenile Justice of the Department of Public Safety
- 12 who is not a custodial employee.

13"
 14 **SECTION 19C.9.(y)** G.S. 143-166.7 reads as rewritten:
 15 "**§ 143-166.7. Applicability of Article.**

16 The provisions of this Article shall apply and be in full force and effect with respect to any
 17 law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member
 18 killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with
 19 respect to full-time, permanent part-time and temporary employees of the North Carolina Forest
 20 Service of the Department of Agriculture and Consumer Services killed in the line of duty on or
 21 after July 1, 1975. The provisions of this Article shall apply to county fire marshals and
 22 emergency services coordinators killed in the line of duty on and after July 1, 1988. The
 23 provisions of this Article shall apply to noncustodial employees of the Division of Adult
 24 Correction and noncustodial employees of the Division of Juvenile Justice of the Department of
 25 Public Safety who are killed in the line of duty on and after April 1, 2017."

26 **SECTION 19C.9.(z)** G.S. 143-166.13(a) reads as rewritten:

27 "(a) The following persons who are subject to the Criminal Justice Training and Standards
 28 Act are entitled to benefits under this Article:

- 29 ...
- 30 (2) State Correctional Officers, Division of Adult Correction ~~and Juvenile Justice~~
- 31 of the Department of Public Safety;
- 32 (3) State Probation and Parole Officers, Division of Adult Correction ~~and Juvenile~~
- 33 ~~Justice~~ of the Department of Public Safety;
- 34 (4) Sworn State Law-Enforcement Officers with the power of arrest, Division of
- 35 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety;
- 36 ...
- 37 (9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division~~
- 38 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety;

39"
 40 **SECTION 19C.9.(aa)** G.S. 148-13 reads as rewritten:

41 "**§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

42 ...
 43 (a1) The Secretary of Public Safety shall adopt rules to specify the rates at, and
 44 circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and
 45 G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of
 46 imprisonment for felony or misdemeanor convictions. Such rules shall include any person
 47 serving an activated sentence of imprisonment who is confined in a detention facility approved
 48 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
 49 Justice.

50 ...

(e) The Secretary's regulations concerning earned time and good time credits authorized by this section shall be distributed to and followed by local jail administrators and by personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~.

...."

SECTION 19C.9.(bb) G.S. 148-128 reads as rewritten:

"§ 148-128. Authorization for Correction Enterprises.

The Section of Correction Enterprises of the Division of Adult Correction ~~and Juvenile Justice~~ is established as a ~~division~~ section of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety. The Section of Correction Enterprises of the Division of Adult Correction ~~and Juvenile Justice~~ may develop and operate industrial, agricultural, and service enterprises that employ incarcerated offenders in an effort to provide them with meaningful work experiences and rehabilitative opportunities that will increase their employability upon release from prison. Enterprises operated under this Article shall be known as "Correction Enterprises.""

SECTION 19C.9.(cc) G.S. 164-40 reads as rewritten:

"§ 164-40. Correction population simulation model; Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ facilities population simulation model.

...

(b) The Commission shall develop a Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ facilities population simulation model, and shall have first priority to apply the model to a given fact situation, or theoretical change in the dispositional laws set forth in Chapter 7B of the General Statutes, when requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

The Executive Director or the Chairman shall make the model available to respond to inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to the work of the Commission."

SECTION 19C.9.(dd) This section becomes effective July 1, 2022.

INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF UTILIZING INMATE LABOR

SECTION 19C.10.(a) Consistent with the provisions of Article 3 of Chapter 148 of the General Statutes, sheriffs having custody of inmates under the Statewide Misdemeanant Confinement Program may hire those inmates to maintain the cleanliness of areas along local and State roadways.

SECTION 19C.10.(b) A sheriff that hires inmates pursuant to subsection (a) of this section shall coordinate with the Department of Transportation before and after a cleanup project to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the Department of Transportation. The sheriff shall also ensure that all inmates hired pursuant to this subsection are adequately guarded while working and that food, water, and bathroom facilities are accessible in reasonable amounts and times.

SECTION 19C.10.(c) A sheriff that utilizes inmate labor pursuant to subsection (a) of this section for a combined total of 500 work hours in one calendar month shall submit a record of those work hours to the Department of Public Safety and shall be reimbursed for caring for and housing the inmates of the Statewide Misdemeanant Confinement Program at a rate of at least sixty dollars (\$60.00) per day, per inmate held under the Statewide Misdemeanant Confinement Program for each calendar month in which 500 work hours were completed. This

1 increased reimbursement rate shall be paid to participating sheriffs only until the funds that have
2 been specifically appropriated by the General Assembly for this purpose are exhausted.

3 **SECTION 19C.10.(d)** The North Carolina Sheriffs' Association shall report no later
4 than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal
5 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor
6 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in
7 each participating county, and (iii) the number of road miles cleaned by inmates in each
8 participating county.

9 **SECTION 19C.10.(e)** The North Carolina Sheriffs' Association shall report no later
10 than October 1 of each year to the chairs of the House of Representatives Appropriations
11 Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on
12 Justice and Public Safety, and the chairs of the Joint Legislative Oversight Committee on Justice
13 and Public Safety regarding (i) the counties with sheriffs' offices that utilized inmate labor
14 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in
15 each participating county, and (iii) the number of road miles cleaned by inmates in each
16 participating county.

17 18 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

19 **SECTION 19C.11.(a)** Prior to using the funds appropriated in this act to the
20 Department of Public Safety for prison technology upgrades, the Department of Public Safety
21 shall issue a request for proposals that meets the following requirements:

- 22 (1) Either the products or services offered by a participating vendor are capable
23 of each of the following:
24 a. Tracking all phones and other wireless devices within a State prison.
25 b. Blocking the use of contraband phones and other wireless devices
26 within a State prison.
27 c. Broadcasting a secure, private long-term evolution (LTE) network.
28 d. Creating a virtual bank account for each inmate that allows approved
29 friends or family members to send or receive money to and from the
30 account.
31 e. Providing a single sign-on management platform.
32 (2) The vendor shall:
33 a. Be able to deploy the products and services it offers within two months
34 of award of the funds.
35 b. Have at least five years of experience performing similar work.
36 (3) No funds awarded by the vendor may be used for lobbying the North Carolina
37 General Assembly.

38 **SECTION 19C.11.(b)** The Department of Public Safety shall, in consultation with
39 the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this
40 section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
41 October 1, 2022, in an interim report and no later than October 1, 2023, in a final report.

42 **SECTION 19C.11.(c)** The report required by subsection (b) of this section shall
43 include, at a minimum, each of the following:

- 44 (1) A time line of the deployment of products and services.
45 (2) An explanation of the implementation of the awarded contract.
46 (3) An accounting of the extent to which tracking and blocking technologies were
47 able to successfully track and block phones and wireless devices in State
48 prisons.
49 (4) An accounting of the extent to which the private long-term evolution (LTE)
50 network met the needs of State prisons.

- 1 (5) An accounting of the extent to which the virtual bank accounts of inmates
2 were utilized by inmates, their friends, and their family members.
3

4 **TRANSFER OF ODOM CORRECTIONAL INSTITUTION TO NORTHAMPTON**
5 **COUNTY**

6 **SECTION 19C.12.(a)** It is the intent of the General Assembly for the State of North
7 Carolina to convey to the Northampton County Board of Commissioners (Northampton County)
8 for the consideration of one dollar (\$1.00) all of its right, title, and interest in the property used
9 for the former Odom Correctional Institution which is currently allocated to the Department of
10 Public Safety, Division of Adult Correction and Juvenile Justice (DPI). In order to accomplish
11 this conveyance, DPI and Northampton County shall mutually develop the boundaries of the
12 property to be conveyed based upon the following directions and limitations:

- 13 (1) The property to be conveyed shall be a subdivision consisting of
14 approximately 64 acres from Parcel Number 0701397 of Northampton
15 County, deed reference Book 424, Page 601, and Book 434, Page 133, totaling
16 approximately 1,119 acres which are currently allocated to the Department of
17 Public Safety, Division of Adult Correction and Juvenile Justice. The
18 conveyance shall include:

- 19 a. The Odom Correctional Facility buildings and structures, less
20 Correction Enterprise Agricultural operations and those operations
21 belonging to Wildlife Resources, inclusive of those appurtenant
22 correctional yards, fences, towers, service ways, and parking lots,
23 totaling approximately 62 acres.
24 b. The waste treatment plant and immediate grounds, totaling
25 approximately 2 acres.
26 c. Infrastructure and utility lines that serve the Odom Correctional
27 Facility, traversing property retained by the Department of Public
28 Safety, located within easements to be dedicated as noted below.

- 29 (2) The property conveyed pursuant to this section shall not include:

- 30 a. Lands used by the Wildlife Resources Commission.
31 b. Lands used by the Department of Public Safety for agricultural
32 operations.
33 c. Lands previously used by the Department of Public Safety for
34 permitted land application of treated waste.

- 35 (3) The land to be dedicated for rights-of-way and easements to Northampton
36 County shall be only that of:

- 37 a. Sewer collection systems necessary for the operation of the transferred
38 buildings.
39 b. Water supply systems necessary for the operation of the transferred
40 buildings.
41 c. Roadway access along Odom Prison Road and unnamed agricultural
42 roads surrounding the buildings.
43 d. Public utility easements not otherwise previously dedicated for gas or
44 electricity.

45 **SECTION 19C.12.(b)** Upon completion of developing the boundaries described in
46 subsection (a) of this section, DPI and Northampton County shall submit a metes and bounds
47 description of the property to be conveyed to the State Property Office. The State Property Office
48 shall prepare a deed conveying all of the State's right, title, and interest in the described property
49 to the Northampton County Board of Commissioners for the consideration of one dollar (\$1.00)
50 and subject to the following limitations and instructions:

- 1 (1) The conveyance is subject to a reversionary interest reserved by the State. The
2 property shall be conveyed to the Northampton County Board of
3 Commissioners for so long as it is utilized for county government purposes.
4 (2) The State of North Carolina shall convey the real property described in
5 subsection (a) of this section "as is" without warranty. The State makes no
6 representations or warranties concerning the title to the property, the
7 boundaries of the property, the uses to which the property may be put, zoning,
8 local ordinances, or any physical, environmental, health, and safety conditions
9 relating to the property.
10 (3) Northampton County shall receive the property with existing water treatment
11 and waste collection systems. The State makes no representations or
12 warranties concerning suitability or operability of such systems for use by
13 Northampton County. Northampton County shall obtain all necessary permits
14 to operate the waste treatment plant and to remove waste treatment process
15 material or effluent from the facilities for disposal. The State shall not be
16 obligated to provide lands for the application of waste treatment process
17 material, effluent, or sludge.

18 **SECTION 19C.12.(c)** All costs associated with the conveyance of the property
19 described in subsection (a) of this section, including, but not limited to, subdivision, surveying,
20 engineering services, permitting, and utility connections, shall be borne by Northampton County.

21 **SECTION 19C.12.(d)** The conveyance of the State's right, title, and interest in Odom
22 Correctional Institution shall be exempt from the provisions of Article 7 of Chapter 146 of the
23 General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146
24 of the General Statutes, however, the provisions of G.S. 146-74 shall not apply.

25 **SECTION 19C.12.(e)** This section is effective when it becomes law.
26

27 **PART XIX-D. JUVENILE JUSTICE**

28 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

29 **SECTION 19D.1.(a)** Funds appropriated in this act to the Department of Public
30 Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required
31 for or used for community program contracts, may be used only for the following:
32

- 33 (1) Other statewide residential programs that provide Level 2 intermediate
34 dispositional alternatives for juveniles.
35 (2) Statewide community programs that provide Level 2 intermediate
36 dispositional alternatives for juveniles.
37 (3) Regional programs that are collaboratives of two or more Juvenile Crime
38 Prevention Councils which provide Level 2 intermediate dispositional
39 alternatives for juveniles.
40 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
41 intermediate dispositional alternatives for juveniles listed in
42 G.S. 7B-2506(13) through (23).

43 **SECTION 19D.1.(b)** Funds appropriated by this act to the Department of Public
44 Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing,
45 operations, maintenance, or any other expenses of youth development centers or detention
46 facilities.

47 **SECTION 19D.1.(c)** The Department of Public Safety shall submit an electronic
48 report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in
49 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of
50 the House of Representatives Appropriations Committee on Justice and Public Safety and the
51 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.

1 The report shall include all of the following: an itemized list of the contracts that have been
2 executed, the amount of each contract, the date the contract was executed, the purpose of the
3 contract, the number of juveniles that will be served and the manner in which they will be served,
4 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized
5 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.
6

7 **PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

8 9 **TRANSFER OF NCNG TUITION ASSISTANCE PROGRAM**

10 **SECTION 19E.1.(a)** The North Carolina National Guard Tuition Assistance
11 Program administered by the State Education Assistance Authority is transferred to the
12 Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as
13 defined in G.S. 143A-6. The State Education Assistance Authority shall transfer all associated
14 program administration funds to the Department of Public Safety.

15 **SECTION 19E.1.(b)** Part 2 of Article 23 of Chapter 116 of the General Statutes,
16 G.S. 116-209.50 through G.S. 116-209.55, is recodified as Article 15 of Chapter 127A of the
17 General Statutes, G.S. 127A-190 through G.S. 127A-195.

18 **SECTION 19E.1.(c)** Article 15 of Chapter 127A of the General Statutes, as
19 recodified by subsection (b) of this section, reads as rewritten:

20 "Article 15.

21 "North Carolina National Guard Tuition Assistance Act of 1975.

22 **"§ 127A-190. Short title.**

23 This ~~Part~~Article shall be known and may be cited as the North Carolina National Guard
24 Tuition Assistance Act of 1975.

25 **"§ 127A-191. Purpose.**

26 The General Assembly of North Carolina, recognizing that the North Carolina National
27 Guard is the only organized, trained and equipped military force subject to the control of the
28 State, hereby establishes a program of tuition assistance for qualifying guard members for the
29 purpose of encouraging voluntary membership in the North Carolina National Guard, improving
30 the educational level of its members, and thereby benefiting the State as a whole.

31 **"§ 127A-192. Definitions.**

32 The following definitions apply in this ~~Part~~Article:

- 33 (1) Academic Year. – The annual enrollment period used by the
34 ~~Authority~~Secretary.
- 35 (2) Private Educational Institutions. – Any junior college, senior college or
36 university which is operated and governed by private interests not under the
37 control of the federal, State or any local government, which is located within
38 and licensed by the State of North Carolina, which does not operate for profit,
39 whose curriculum is primarily directed toward the awarding of associate,
40 baccalaureate or graduate degrees, which agrees to the applicable
41 administration and funding provisions of this ~~Part~~Article.
- 42 (3) Proprietary School. – An educational institution that is (i) defined as a
43 proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of
44 Community Colleges, ~~and or~~ (iii) listed by the North Carolina State Approving
45 Agency for Veterans and Military Education as an approved proprietary
46 school for purposes of this ~~Part~~Article.
- 47 (3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.
- 48 (4) State Educational Institutions. – Any of the constituent institutions of the
49 University of North Carolina, or any community college operated under the
50 provisions of Chapter 115D of the General Statutes of North Carolina.

- 1 (5) Student Loan. – A loan or loans made to eligible students or parents of
2 students to aid in attaining an education beyond the high school level.

3 **"§ 127A-193. Benefit.**

4 The benefit provided under this ~~Part~~ Article shall consist of a monetary educational assistance
5 grant not to exceed the highest amount charged by a State educational institution per academic
6 year or a lesser amount, as prescribed by the ~~Authority, Secretary,~~ to remain within the funds
7 appropriated, to qualifying members of the North Carolina National Guard. Benefits provided
8 under ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g) shall be payable for a period of one year at a time,
9 renewable at the option of the ~~Authority, Secretary.~~ All other benefits provided under this ~~Part~~
10 Article shall be payable for a period of one academic year at a time, renewable at the option of
11 the ~~Authority, Secretary.~~

12 **"§ 127A-194. Eligibility.**

13 (a) Active members of the North Carolina National Guard who are enrolled or who shall
14 enroll in any proprietary school, private educational institution, or State educational institution
15 shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a
16 minimum obligation of two years remaining as a member of the North Carolina National Guard
17 from the end of the academic period for which tuition assistance is provided or that the applicant
18 commit himself or herself to extended membership for at least two additional years from the end
19 of that academic period.

20 (b) This tuition assistance benefit shall be applicable to students in the following
21 categories:

- 22 (1) Students seeking to achieve completion of their secondary school education
23 at a community college or technical institute.
24 (2) Students seeking trade or vocational training or education.
25 (3) Students seeking to achieve a two-year associate degree.
26 (4) Students seeking to achieve a four-year baccalaureate degree.
27 (5) Students seeking to achieve a graduate degree.
28 (6) Students enrolled in a program granting a graduate certificate.
29 (7) Students enrolled in a professional certification program recommended by the
30 Director of the North Carolina National Guard Education and Employment
31 Center and approved by the North Carolina National Guard Education
32 Services Officer.

33 (c) The following persons shall be eligible to apply for disbursements to pay outstanding
34 student loans pursuant to ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g):

- 35 (1) Persons described in subsections (a) and (b) of this section.
36 (2) Active members of the North Carolina National Guard who were previously
37 enrolled in any proprietary school, private educational institution, or State
38 educational institution, but only if:
39 a. The applicant has a minimum obligation of two years remaining as a
40 member of the North Carolina National Guard from the time of the
41 application; or
42 b. The applicant commits himself or herself to extended membership for
43 at least two additional years from the time of the application.

44 **"§ 127A-195. Administration and funding.**

45 (a) The ~~Authority, Secretary~~ is charged with the administration of the tuition assistance
46 program under this ~~Part~~ Article. The Secretary may delegate administrative tasks to other persons
47 within the Department of Public Safety as the Secretary deems best for the orderly administration
48 of this program. The Department of Public Safety may also contract with the State Education
49 Assistance Authority for the administration of these tuition benefit disbursements.

50 (b) The ~~Authority, Secretary~~ shall determine the eligibility of applicants, select the benefit
51 recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the

1 ~~Authority-Secretary~~ finds that the recipient does not maintain an adequate academic status, or if
2 the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or
3 otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The
4 ~~Authority-Secretary~~ shall maintain such records and shall promulgate such rules and regulations
5 as the ~~Authority-Secretary~~ deems necessary for the orderly administration of this program. The
6 ~~Authority-Secretary~~ may require of proprietary schools or State or private educational institutions
7 such reports and other information as the ~~Authority-Secretary~~ may need to carry out the
8 provisions of this ~~Part Article~~ and the ~~Authority-Secretary~~ shall disburse benefit payments for
9 recipients upon certification of enrollment by the enrolling institutions.

10 (c) All tuition benefit disbursements shall be made to the proprietary school or State or
11 private educational institution concerned, for credit to the tuition account of each recipient. Funds
12 disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor
13 concerned to be applied against the outstanding student loans of each North Carolina National
14 Guard member beneficiary.

15 (d) The participation by any proprietary school or private educational institution in this
16 program shall be subject to the applicable provisions of this ~~Part Article~~ and to examination by
17 the State Auditor of the accounts of the benefit recipients attending or having attended such
18 private schools or institutions. The ~~Authority-Secretary~~ may defer making an award or may
19 suspend an award in any proprietary school or private educational institution which does not
20 comply with the provisions of this ~~Part Article~~ relating to said institutions. The manner of
21 payment to any proprietary school or private educational institution shall be as prescribed by the
22 ~~Authority-Secretary~~.

23 (e) Irrespective of other provisions of this ~~Part Article~~, the ~~Authority-Secretary~~ may
24 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of
25 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority-~~
26 ~~Secretary~~, may withdraw from any proprietary school or State or private educational institution
27 prior to the completion of the term, semester, quarter or other academic period being attended at
28 the time of withdrawal.

29 (f) Any balance of the monetary educational assistance grant up to the maximum for the
30 academic year remaining after tuition is paid pursuant to subsection (c) of this section may be
31 disbursed to the recipient as reimbursement for required course books and materials. The manner
32 of obtaining the reimbursement payment for these required books and materials shall be as
33 prescribed by the ~~Authority-Secretary~~.

34 (g) Any funds not needed to accomplish the other purposes of this ~~Part Article~~ may be
35 used to help members of the North Carolina National Guard repay outstanding student loans in
36 accordance with rules to be adopted by the ~~Authority-Secretary~~. These rules shall provide that
37 the length of a member's deployment may be considered in determining whether or not, and in
38 what amount, a member receives assistance pursuant to this subsection. There shall be no
39 reimbursement under this subsection for payments already made on student loans, and funds shall
40 not be provided under this subsection for the purpose of paying student loans obtained for courses
41 from which the member withdrew or for which the member did not receive a passing grade.
42 Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S.~~
43 ~~116-209.53-G.S. 127A-193.~~"

44 **SECTION 19E.1.(d)** This section becomes effective July 1, 2021.

45 **TARHEEL CHALLENGE CODIFICATION**

46 **SECTION 19E.2.(a)** Chapter 127A of the General Statutes is amended by adding a
47 new Article to read:

48 "Article 18.

49 "Tarheel Challenge Academy.

50 "§ 127A-220. Purpose; establishment.

1 The purpose of this Article is to authorize the North Carolina National Guard's Tarheel
2 Challenge Academy to operate independently of existing schools. The Tarheel Challenge
3 Academy is established as a Division of the North Carolina National Guard. The Tarheel
4 Challenge Academy shall satisfy all of the following:

- 5 (1) Exist as a cost-free program.
- 6 (2) Be housed for administrative purposes within the North Carolina National
7 Guard.
- 8 (3) Be a community-based school that leads, trains, and mentors at-risk youth.
- 9 (4) Be designated as an approved alternative learning program, as defined in this
10 Article, and an innovative school option.
- 11 (5) Create at least a 22-week residential program that requires a 12-month
12 post-residential mentoring period.
- 13 (6) Improve life skills and employment potential of participants by providing
14 quasi-military based training and supervised work experience.
- 15 (7) Teach the "8 Core Components" of academic excellence, job skills, health and
16 hygiene, physical fitness, life coping skills, responsible citizenship,
17 leadership, and service to community.
- 18 (8) Increase opportunity for participants to receive a high school diploma or its
19 equivalent.
- 20 (9) Enjoy the full cooperation of other State and local agencies in carrying out its
21 program.

22 **"§ 127A-221. Definitions.**

23 The following definitions apply for the purposes of this Article:

- 24 (1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina
25 National Guard.
- 26 (2) Alternative learning program. – A program offered by the Academy that
27 provides specialized services for at-risk students outside of a standard
28 classroom setting. Services should be designed to meet the needs of students
29 who have not been successful in the traditional school setting.
- 30 (3) Eligible participant. – An individual who meets all of the following criteria:
 - 31 a. Is a minimum of 16 years of age and a maximum of 18 years of age at
32 the time of entry into the program.
 - 33 b. Has failed to complete or has left school for any reason before
34 graduation or completion of a program of studies without transferring
35 to another school and has not received a certificate from a program of
36 equivalency or has not progressed in a traditional high school setting.
 - 37 c. A citizen or legal resident of the United States.
 - 38 d. Unemployed or underemployed.
 - 39 e. Not currently on parole or probation and not accused or convicted of
40 a crime that would be considered a felony if the individual was an
41 adult.
 - 42 f. Free from use of illegal drugs or substances.
 - 43 g. Physically and mentally capable to participate in the alternative
44 learning program.

45 **"§ 127A-222. Administration; supervision.**

46 The general supervision and administration of the Academy shall be vested in the North
47 Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or
48 her designee to do all of the following:

- 49 (1) Create a written document that incorporates the terms and conditions imposed
50 on the Academy by the Federal Youth Challenge Program.

- 1 (2) Organize and establish all rules and regulations for the Academy, as
2 necessary.
3 (3) Direct and control all Academy personnel matters.
4 (4) Oversee and direct the administration and functioning of the alternative
5 learning program offered by the Academy."

6 **SECTION 19E.2.(b)** This section becomes effective October 1, 2021.

7
8 **BUTNER TIMBER FUND SALE PROCEEDS**

9 **SECTION 19E.3.(a)** G.S. 146-30 reads as rewritten:

10 **"§ 146-30. Application of net proceeds.**

11 (a) The net proceeds of any disposition made in accordance with this Subchapter shall be
12 handled in accordance with the following priority:

- 13 (1) First, in accordance with the provisions of any trust or other instrument of title
14 whereby title to real property was acquired.
15 (2) Second, as provided by any other act of the General Assembly.
16 (3) Third, by depositing the net proceeds with the State Treasurer.

17 Nothing in this section, however, prohibits the disposition of any State lands by exchange for
18 other lands, but if the appraised value in fee simple of any property involved in the exchange is
19 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without
20 consultation with the Joint Legislative Commission on Governmental Operations.

21 ...

22 (d) Notwithstanding any other provision of this Subchapter, the following exceptions
23 apply:

24 ...

- 25 (8) The net proceeds derived from the sale of any portion of the land owned by
26 the State in the Camp Butner reservation shall be deposited with the State
27 Treasurer in a capital improvement account to the credit of the Department of
28 Health and Human Services to make capital improvements on or to property
29 owned by the State in the Camp Butner reservation subject to approval by the
30 Office of State Budget and Management. The net proceeds derived from the
31 sale of timber from land owned by the State in the Camp Butner reservation
32 shall be deposited with the State Treasurer in a capital improvement account
33 to the credit of the Department of Public Safety to be used to support the North
34 Carolina National Guard's Camp Butner Training Center and other North
35 Carolina National Guard–operated Training Centers. The definition of "Camp
36 Butner reservation" in G.S. 122C-3 applies to this subdivision.

37 "

38 **SECTION 19E.3.(b)** This section becomes effective July 1, 2021.

39
40 **NORTH CAROLINA NATIONAL GUARD JOB ACT**

41 **SECTION 19E.4.(a)** Article 13 of Chapter 126 of the General Statutes is amended
42 by adding a new section to read:

43 **"§ 126-80.5. National Guard preference.**

44 (a) It shall be the policy of the State of North Carolina that, in recognition and
45 appreciation for service to the State and this country, and in recognition of the time and advantage
46 lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined
47 in G.S. 126-81(4) shall be granted preference in employment for positions subject to the
48 provisions of this Chapter with every State department, agency, and institution.

49 (b) In all evaluations of applicants for positions with this State or any of its departments,
50 agencies, or institutions, a preference shall be awarded to all eligible members of the National
51 Guard who are citizens of the State. This preference applies to initial employment and extends

1 to other employment events, including a subsequent hiring, promotion, reassignment, or
2 horizontal transfer.

3 (c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter
4 143B of the General Statutes."

5 **SECTION 19E.4.(b)** G.S. 126-81 reads as rewritten:

6 **"§ 126-81. Definitions.**

7 ~~As used in this Article:~~The following definitions apply in this Article:

- 8 (1) ~~"A period of war" includes~~Period of war. – World War I (April 16, 1917,
9 through November 11, 1918), World War II (December 7, 1941, through
10 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,
11 1955), the period of time between January 31, 1955, and the end of the
12 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or
13 engagement for which a campaign badge or medal is authorized by the United
14 States Department of Defense.
- 15 (2) ~~"Veteran" means a~~Veteran. – A person who served in the Armed Forces of
16 the United States on active duty, for reasons other than training, and has been
17 discharged under other than dishonorable conditions.
- 18 (3) ~~"Eligible veteran" means:~~Eligible veteran. – Any of the following:
19 a. A veteran who served during a period of war; ~~or~~war.
20 b. The spouse of a disabled ~~veteran; or~~veteran.
21 c. The surviving spouse or dependent of a veteran who dies on active
22 duty during a period of war either directly or indirectly as a result of
23 such ~~service; or~~service.
24 d. A veteran who suffered a service-connected disability during
25 peacetime; ~~or~~peacetime.
26 e. The spouse of a veteran described in ~~subdivision~~sub-subdivision d. of
27 this ~~subsection; or~~subdivision.
28 f. The surviving spouse or dependent of a person who served in the
29 Armed Forces of the United States on active duty, for reasons other
30 than training, who died for service-related reasons during peacetime.
- 31 (4) Eligible member of the National Guard. – Any of the following:
32 a. A resident of North Carolina who is a current member in good standing
33 of either the North Carolina Army National Guard or the North
34 Carolina Air National Guard.
35 b. A resident of North Carolina who is a former member of either the
36 North Carolina Army National Guard or the North Carolina Air
37 National Guard, whose discharge is under honorable conditions with
38 a minimum of six years of creditable service.
39 c. The surviving spouse and dependent of a member of the North
40 Carolina Army National Guard or the North Carolina Air National
41 Guard who dies on State active duty either directly or indirectly as a
42 result of that service.
43 d. The surviving spouse or dependent of a member of the North Carolina
44 National Guard who died for service-related reasons during
45 peacetime."

46 **SECTION 19E.4.(c)** G.S. 128-15 reads as rewritten:

47 **"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

48 (a) It shall be the policy of the State of North Carolina that, in appreciation for their
49 service to this State and this country during a period of war, and in recognition of the time and
50 advantage lost toward the pursuit of a civilian career, veterans and eligible members of the

1 National Guard shall be granted preference in employment with every State department, agency,
2 and institution.

3 (b) As used in this section:

4 (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,
5 through November 11, 1918), World War II (December 7, 1941, through
6 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,
7 1955), the period of time between January 31, 1955, and the end of the
8 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or
9 engagement for which a campaign badge or medal is authorized by the United
10 States Department of Defense.

11 (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of
12 the United States on active duty, for reasons other than training, and has been
13 discharged under other than dishonorable conditions.

14 (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:

15 a. A veteran who served during a period of ~~war; or~~ war.

16 b. The spouse of a disabled ~~veteran; or~~ veteran.

17 c. The surviving spouse or dependent of a veteran who dies on active
18 duty during a period of war either directly or indirectly as the result of
19 such ~~service; or~~ service.

20 d. A veteran who suffered a disabling injury for service-related reasons
21 during ~~peacetime; or~~ peacetime.

22 e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of
23 this ~~subsection; or~~ subdivision.

24 f. The surviving spouse or dependent of a person who served in the
25 Armed Forces of the United States on active duty, for reasons other than
26 training, who dies for service-related reasons during peacetime.

27 (4) Eligible member of the National Guard. – Any of the following:

28 a. A resident of North Carolina who is a current member in good standing
29 of either the North Carolina Army National Guard or the North
30 Carolina Air National Guard.

31 b. A resident of North Carolina who is a former member of either the
32 North Carolina Army National Guard or the North Carolina Air
33 National Guard, whose discharge is under honorable conditions with
34 a minimum of six years of creditable service.

35 c. The surviving spouse and dependent of a member of the North
36 Carolina Army National Guard or the North Carolina Air National
37 Guard who dies on State active duty either directly or indirectly as a
38 result of that service.

39 d. The surviving spouse or dependent of a member of the North Carolina
40 National Guard who died for service-related reasons during peacetime.

41 (c) Hereafter, in all evaluations of applicants for positions with this State or any of its
42 departments, institutions or agencies, a preference shall be awarded to all eligible veterans and
43 eligible members of the National Guard who are citizens of the State and who served the State
44 or the United States honorably in the military forces of this State or of the United States during
45 a period of war. This preference applies to initial employment with the State and extends to other
46 employment events including subsequent hirings, promotions, reassignments, and horizontal
47 transfers.

48 (d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter
49 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of
50 the General Statutes."

51 **SECTION 19E.4.(d)** This section is effective when it becomes law.

COMPETITIVE EMERGENCY MANAGEMENT GRANTS

SECTION 19E.5.(a) The funds appropriated in this act to the Department of Public Safety, Division of Emergency Management, to provide competitive grants to county emergency management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to county emergency management agencies located in counties with a population of 210,000 or fewer, based upon the 2019 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management. Grants shall be used to ensure local emergency management offices are adequately equipped, trained, and prepared for all hazards and emergencies. The Division shall develop policies and procedures to implement a competitive grant program consistent with this section.

SECTION 19E.5.(b) The Division shall report on the awarding of grant funds pursuant to subsection (a) of this section by January 15, 2022, and by January 15 of each year thereafter until the funds appropriated by this section are expended.

EMERGENCY MANAGEMENT ACT REVISIONS

SECTION 19E.6.(a) G.S. 166A-19.3 is amended by adding the following new subdivisions to read:

"(2d) Concurrence of the Council of State. – The consensus, within 48 hours of contact, of a majority of the Council of State prior to the Governor exercising a power or authority requiring a concurrence of the Council of State. The Governor shall document the contact and response of each Council of State member and shall release the concurrence, nonconcurrence, or no response provided by each member by name and position. Any failure to respond to the Governor within the 48 hours of contact shall be deemed a concurrence by the member of the Council of State failing to respond. All documentation of the contact and response of each member of the Council of State shall be a public record.

(2m) Council of State. – The Lieutenant Governor, Secretary of State, Auditor, Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor, Commissioner of Insurance, or any interim officer or acting officer appointed in accordance with Section 7 of Article III of the State Constitution.

...

(20) Statewide emergency area. – Any emergency area applicable to two-thirds or more of the counties in this State."

SECTION 19E.6.(b) G.S. 166A-19.20 reads as rewritten:

"§ 166A-19.20. Gubernatorial or legislative declaration of state of emergency.

(a) Declaration. – A state of emergency may be declared by the Governor or by a resolution of the General Assembly, if either of these finds that an emergency exists.

(b) Emergency Area. – An executive order or resolution declaring a state of emergency shall include a definition of the area constituting the emergency area.

(c) Expiration of States of Emergency. – A state of emergency declared pursuant to this section shall expire as follows:

(1) If not a statewide emergency area, when it is rescinded by the authority that issued it.

(2) If a statewide emergency area, seven calendar days after issuance without a concurrence of the Council of State. A declaration of emergency may not be extended without the concurrence of the Council of State. Any such extension shall not be for more than 30 days without further concurrence of the Council of State.

1 (c1) Effect of Failure of Concurrence of the Council of State. – If the concurrence of the
2 Council of State fails with the issuance or extension of a declaration of emergency under
3 subdivision (c)(2) of this section, the Governor shall not issue the same or any other substantially
4 similar declarations of emergency based on the same emergency.

5 (c2) Multiple Declarations to Avoid Concurrence of Council of State. – If the Governor
6 declares more than one state of emergency based on the same emergency that would extend the
7 application of the emergency area, when combined, to more than two-thirds of the counties in
8 the State, the Governor shall obtain the concurrence of the Council of State in accordance with
9 subdivision (c)(2) of this section for each declaration of emergency.

10 (d) Exercise of Powers Not Contingent on Declaration of Disaster Type. – Once a state
11 of emergency has been declared pursuant to this section, the fact that a declaration of disaster
12 type has not been issued shall not preclude the exercise of powers otherwise conferred during a
13 state of emergency.

14 (e) Extra Session; Emergency Transportation Expenditures. – The General Assembly
15 considers a determination by the Secretary of Transportation under G.S. 136-44.2E(f) that
16 anticipated emergency expenses will exceed the funds in the Transportation Emergency Reserve
17 within the meaning of the term "extraordinary occasions," and therefore the Governor is
18 authorized to convene the General Assembly in Extra Session under Section 5(7) of Article III
19 of the North Carolina Constitution. The General Assembly strongly urges the Governor to
20 convene the General Assembly in Extra Session within 14 days of notice by the Secretary under
21 G.S. 136-44.2E(f) for the purpose of appropriating funds from the Savings Reserve to the
22 Emergency Reserve to address the transportation needs of the State necessitated by a major
23 disaster."

24 **SECTION 19E.6.(c)** G.S. 166A-19.30 is amended by adding a new subsection to
25 read:

26 "(c1) Upon exercise of any of the powers granted in subsection (c) of this section, the
27 following shall apply:

28 (1) The Governor shall notify the affected local authorities immediately upon
29 exercising any of the powers and any extensions thereof.

30 (2) In exercising any of the powers, notwithstanding subdivision (c)(1) of this
31 section, the Governor shall obtain a concurrence of the Council of State.

32 (3) The duration of the exercise of any power by the Governor shall expire in
33 accordance with G.S. 166A-19.20."

34 **SECTION 19E.6.(d)** G.S. 130A-20 reads as rewritten:

35 "**§ 130A-20. Abatement of an imminent hazard.**

36 (a) ~~If the Secretary or a local health director determines that an imminent hazard exists,~~
37 ~~the Secretary or a local health director may order the owner, lessee, operator, or other person in~~
38 ~~control of the a specific identified property to abate the imminent hazard or may, after notice to~~
39 ~~or reasonable attempt to notify the owner, lessee, operator, or other person in control of the~~
40 ~~property enter upon any the specific identified property and take any action necessary to abate~~
41 ~~the imminent hazard. If the Secretary or a local health director abates the imminent hazard, the~~
42 ~~Department or the local health department shall have a lien on the property of the owner, lessee,~~
43 ~~operator, or other person in control of the specific identified property where the imminent hazard~~
44 ~~existed for the cost of the abatement of the imminent hazard. The lien may be enforced in~~
45 ~~accordance with procedures provided in Chapter 44A of the General Statutes. The lien may be~~
46 ~~defeated by a showing that an imminent hazard did not exist at the time the Secretary or the local~~
47 ~~health director took the action. The owner, lessee, operator, or any other person against whose~~
48 ~~property the lien has been filed may defeat the lien by showing that that person was not culpable~~
49 ~~in the creation of the imminent hazard.~~

1 (b) ~~The Secretary of Environmental Quality and a~~ local health director shall have the
2 same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9
3 and 10 of this Chapter.

4 (c) The Secretary shall have the authority to determine that a class or category of property
5 uses presents a statewide imminent hazard. For a period of no more than seven calendar days,
6 the Secretary may order owners, operators, or other persons in control of that class or category
7 of property uses to abate the statewide imminent hazard. If the Secretary has notified the
8 Governor, and the Governor has received the concurrence of the Council of State, such order
9 may be extended for up to 30 days at a time. The Secretary may, after notice to or reasonable
10 attempt to notify the owners, operators, or other persons in control of a specific property not
11 complying with the order of abatement, enter upon the property and take any action necessary to
12 abate the imminent hazard. If the Secretary's orders under this subsection would extend the
13 application of the class or categories of properties in areas, when combined, to statewide
14 application, the Secretary shall notify the Governor, and the Governor shall seek the concurrence
15 of the Council of State in accordance with this subsection prior to extension of any of the orders.

16 (d) The Secretary of Environmental Quality, in accordance with subsection (c) of this
17 section, may enforce the provisions of Articles 9 and 10 of this Chapter.

18 (e) For purposes of this section, the following definitions shall apply:

19 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

20 (2) Statewide. – Two-thirds or more of the counties in this State."

21 **SECTION 19E.6.(e)** G.S. 130A-145 reads as rewritten:

22 **"§ 130A-145. Quarantine and isolation authority.**

23 (a) The State Health Director and a local health director are empowered to exercise
24 quarantine and isolation ~~authority.~~ authority in accordance with this section. Quarantine and
25 isolation authority shall be exercised only when and so long as the public health is endangered,
26 all other reasonable means for correcting the problem have been exhausted, and no less restrictive
27 alternative exists.

28 (b) No person other than a person authorized by the State Health Director or local health
29 director shall enter quarantine or isolation premises. Nothing in this subsection shall be construed
30 to restrict the access of authorized health care, law enforcement, or emergency medical services
31 personnel to quarantine or isolation premises as necessary in conducting their duties.

32 (c) Before applying quarantine or isolation authority to livestock or poultry for the
33 purpose of preventing the direct or indirect conveyance of an infectious agent to persons, the
34 State Health Director or a local health director shall consult with the State Veterinarian in the
35 Department of Agriculture and Consumer Services.

36 (d) When quarantine or isolation limits the freedom of movement of a person or animal
37 or of access to a person or animal whose freedom of movement is limited, the period of limited
38 freedom of movement or access shall not exceed 30 calendar days. Any person substantially
39 affected by that limitation may institute in superior court in Wake County or in the county in
40 which the limitation is imposed an action to review that limitation. The official who exercises
41 the quarantine or isolation authority shall give the persons known by the official to be
42 substantially affected by the limitation reasonable notice under the circumstances of the right to
43 institute an action to review the limitation. If a person or a person's representative requests a
44 hearing, the hearing shall be held within 72 hours of the filing of that request, excluding Saturdays
45 and Sundays. The person substantially affected by that limitation is entitled to be represented by
46 counsel of the person's own choice or if the person is indigent, the person shall be represented by
47 counsel appointed in accordance with Article 36 of Chapter 7A of the General Statutes and the
48 rules adopted by the Office of Indigent Defense Services. The court shall reduce or terminate the
49 limitation unless it determines, by the preponderance of the evidence, that the limitation is
50 reasonably necessary to prevent or limit the conveyance of a communicable disease or condition
51 to others.

1 (e) If the State Health Director or the local health director determines that a
2 30-calendar-day limitation on freedom of movement or access is not adequate to protect the
3 public health, the State Health Director or local health director must institute in superior court in
4 the county in which the limitation is imposed an action to obtain an order extending the period
5 of limitation of freedom of movement or access. If the person substantially affected by the
6 limitation has already instituted an action in superior court in Wake County, the State Health
7 Director must institute the action in superior court in Wake County or as a counterclaim in the
8 pending case. Except as provided below for persons with tuberculosis, the court shall continue
9 the limitation for a period not to exceed 30 days if it determines, by the preponderance of the
10 evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a
11 communicable disease or condition to others. The court order shall specify the period of time the
12 limitation is to be continued and shall provide for automatic termination of the order upon written
13 determination by the State Health Director or local health director that the quarantine or isolation
14 is no longer necessary to protect the public health. In addition, where the petitioner can prove by
15 a preponderance of the evidence that quarantine or isolation was not or is no longer needed for
16 protection of the public health, the person quarantined or isolated may move the trial court to
17 reconsider its order extending quarantine or isolation before the time for the order otherwise
18 expires and may seek immediate or expedited termination of the order. Before the expiration of
19 an order issued under this section, the State Health Director or local health director may move to
20 continue the order for additional periods not to exceed 30 days each. If the person whose freedom
21 of movement has been limited has tuberculosis, the court shall continue the limitation for a period
22 not to exceed one calendar year if it determines, by a preponderance of the evidence, that the
23 limitation is reasonably necessary to prevent or limit the conveyance of tuberculosis to others.
24 The court order shall specify the period of time the limitation is to be continued and shall provide
25 for automatic termination of the order upon written determination by the State Health Director
26 or local health director that the quarantine or isolation is no longer necessary to protect the public
27 health. In addition, where the petitioner can prove by a preponderance of the evidence that
28 quarantine or isolation was not or is no longer needed for protection of the public health, the
29 person quarantined or isolated may move the trial court to reconsider its order extending
30 quarantine or isolation before the time for the order otherwise expires and may seek immediate
31 or expedited termination of the order. Before the expiration of an order limiting the freedom of
32 movement of a person with tuberculosis, the State Health Director or local health director may
33 move to continue the order for additional periods not to exceed one calendar year each.

34 (f) Notwithstanding the first sentence of subsection (d) of this section, for a period of no
35 more than seven calendar days, the State Health Director shall have the authority to determine
36 and order that a class or category of persons or animals need to be quarantined or isolated to
37 protect the public health. If such an order under this section applies statewide, the State Health
38 Director may move the court for extensions of the order in accordance with subsection (d) of this
39 section after the State Health Director has notified the Governor, and the Governor has received
40 the concurrence of the Council of State. If such an order applies less than statewide, the State
41 Health Director may move the court for extension of the order in accordance with subsection (d)
42 of this section. If the State Health Director's orders under this subsection would extend the
43 application of the class or categories in areas, when combined, to statewide application, the State
44 Health Director shall notify the Governor, and the Governor shall seek the concurrence of the
45 Council of State in accordance with this subsection prior to moving the court for the extension
46 of any of the orders.

47 (g) For purposes of this section, the following definitions shall apply:

48 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

49 (2) Statewide. – Two-thirds or more of the counties in this State."

50 **SECTION 19E.6.(f)** This section is effective when it becomes law and applies to the
51 exercise of power under a state of emergency or declaration of emergency existing on or after

1 that date or any order of abatement issued on or after that date. Any power exercised under a
2 state of emergency or declaration of emergency existing on that date that would require a
3 concurrence of the Council of State under G.S. 166A-19.20 or G.S. 166A-19.30, as amended by
4 this section, shall expire two days after this section becomes law unless a concurrence of the
5 Council of State is sought and received in accordance with G.S. 166A-19.20 or G.S. 166A-19.30,
6 as amended by this section.

8 NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

9 **SECTION 19E.7.** Section 5.7(a) of S.L. 2018-136, as amended by Section 12.5 of
10 S.L. 2020-78, reads as rewritten:

11 "**SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the
12 Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects
13 and administer funds provided by the Community Development Block Grant Disaster Recovery
14 program.

15 "**SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division
16 of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year~~
17 ~~time-limited positions.~~ positions if State and federal funds are available to support those
18 positions. The reassigned positions assigned to the Office shall retain the employment status of
19 the positions at the time of the reassignment after implementation of this act is completed. The
20 ~~three-year time-limited new positions created in this section shall be temporary positions based~~
21 upon availability of State and federal funds and are exempt from the provision of the State Human
22 Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

23 "**SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and
24 public information; citizen outreach and application case management; audit, finance,
25 compliance, and reporting on disaster recovery funds; and program and construction
26 management services. The Office shall also contract for services from vendors specializing in
27 housing, construction, and project management services."

29 STATEWIDE IMPLEMENTATION OF PANIC ALARM APPLICATION

30 **SECTION 19E.8.(a)** Of the funds appropriated in this act to the Department of
31 Public Safety, Division of Emergency Management (Division), the sum of four million four
32 hundred sixty-two thousand four hundred seventy-five dollars (\$4,462,475) in nonrecurring
33 funds for the 2021-2022 fiscal year shall be used to contract with a vendor to implement a
34 statewide panic alarm application in accordance with this section.

35 **SECTION 19E.8.(b)** Of the funds appropriated in this act to the Division, the sum
36 of two hundred twenty thousand dollars (\$220,000) in recurring funds for the 2021-2023 fiscal
37 biennium shall be used to manage the application once implemented.

38 **SECTION 19E.8.(c)** By December 1, 2021, the Division shall implement and
39 maintain a statewide panic alarm application that meets the requirements prescribed in
40 G.S. 115C-105.51(c) and is available to all employees of public secondary schools, as that term
41 is defined in G.S. 115C-105.51(g), in collaboration with the Department of Public Instruction,
42 Division of School Operations, and the Centers for Safer Schools. When implementing and
43 maintaining the statewide panic alarm application, the Division shall consider results from the
44 School Panic Alarm Pilot Program conducted in the 2017-2018 fiscal year and the
45 recommendations of the May 2018 report entitled "Panic Alarm Solution for North Carolina K-12
46 Public Schools."

48 NCORR ADDITIONAL POSITIONS

49 **SECTION 19E.9.(a)** Of the funds appropriated to the Department of Public Safety,
50 Office of Recovery and Resiliency, the sum of three hundred fifty-six thousand six hundred
51 seventeen dollars (\$356,617) in recurring funds for each fiscal year of the 2021-2023 biennium

1 shall be used to support three full-time equivalent positions to (i) carry out resiliency
2 programming which may include advising State decision makers on recovery and resiliency
3 activities, (ii) lead and coordinate resiliency efforts across State and federal agencies, regional
4 and local governments, public higher education, and other public and private stakeholders, (iii)
5 provide expertise and technical support to communities for resiliency planning and projects to
6 protect communities from flooding and other natural disasters, and (iv) coordinate and assist with
7 the implementation of disaster recovery and resiliency projects through the Office. Pursuant to
8 G.S. 143B-1040(d), as enacted by Section 5.9 of this act, the Office may locate and station Office
9 employees in key regions to foster partnerships with councils of government in order to address
10 capacity gaps and to aid local governments to access federal funds for recovery and resiliency
11 projects and activities.

12 **SECTION 19E.9.(b)** The Office of State Budget and Management is directed to
13 create a fund code within the Department of Public Safety, Office of Recovery and Resiliency,
14 to house the staff of the Office.

15 16 **NORTH CAROLINA PIEDMONT RADAR STUDY**

17 **SECTION 19E.10.(a)** The Department of Public Safety, Division of Emergency
18 Management (Division), shall study the feasibility of closing the radar gap over the Piedmont
19 region of North Carolina. In conducting the study, the Division shall consult with the National
20 Weather Service, local stakeholders, and other interested parties in order to complete the study.
21 The Division shall include in the feasibility study, at a minimum, all of the following:

- 22 (1) Entities able to assist in the implementation of new radar infrastructure,
23 including local governments, federal agencies, nonprofit organizations,
24 associations, and other entities specializing in weather or radar monitoring.
- 25 (2) Exact sites of radar infrastructure, construction cost estimates, operational and
26 maintenance cost estimates, and other considerations related to the
27 installation, operation, and maintenance of radar infrastructure at each site
28 over the life span of the radar infrastructure.
- 29 (3) Types of radar infrastructure necessary to provide a network of radar coverage
30 for the Piedmont region, including C-band radar and X-band radar.
- 31 (4) Identification of federal funds eligible for cost share for the radar projects, and
32 a plan to secure federal funding prior to the implementation of the radar
33 projects, if feasible.

34 **SECTION 19E.10.(b)** No later than May 1, 2022, the Division shall submit the
35 results of the study to the chairs of the House Appropriations Committee on Justice and Public
36 Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, and the
37 Fiscal Research Division.

38 39 **PART XX. ADMINISTRATION**

40 41 **MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY** 42 **PORTFOLIO**

43 **SECTION 20.1.(a)** G.S. 143-341.2 reads as rewritten:

44 "**§ 143-341.2. Proactive management of State-owned and State-leased real property**
45 **portfolio.**

46 (a) Duties of the Department of Administration. – The Department of Administration
47 shall have the following powers and duties:

- 48 (1) Development of comprehensive State facilities plan. – No later than ~~December~~
49 ~~1, 2018,~~ April 1, 2023, and every five years thereafter, the Department of
50 Administration shall develop and implement a plan to comprehensively

- 1 manage, acquire, and dispose of the facilities and spaces required to fully
2 support State government operations. The plan shall do all of the following:
3 ...
- 4 f. Provide recommendations for disposing of existing State property and
5 facilities, consolidating operations among existing facilities, and
6 relocating State agencies from leased facilities to State-owned
7 facilities.
- 8 g. Describe all changes made to space planning standards developed and
9 distributed as provided in subdivision (4) of this subsection.
- 10 ...
- 11 (3) Development of utilization measures. – ~~No later than December 1, 2016, the~~
12 The Department of Administration shall develop and distribute to State
13 agencies procedures to be used to measure the utilization of State-owned and
14 State-leased real property. The procedures developed pursuant to this
15 subdivision shall be all of the following:
16 ...
- 17 (4) Development and enforcement of space planning standards. – ~~No later than~~
18 ~~December 1, 2016, the~~ The Department of Administration shall develop and
19 distribute to State agencies space planning standards to be used to determine
20 workspace size and to govern the use of shared space. The standards
21 developed pursuant to this subdivision shall be based on the Federal GSA's
22 Office of Real Property Management Performance Measurement Division
23 Workspace Utilization and Allocation Benchmark report unless the
24 Department identifies another efficient industry standard upon which to base
25 the space planning standards developed pursuant to this subdivision. The
26 Department shall annually shall:
- 27 a. Annually perform audits of a portion of State agencies to determine
28 each agency's adherence to the space planning standards developed
29 pursuant to this subdivision and shall send formal letters of
30 admonishment to any agency that fails to justify, in the sole discretion
31 of the Department, any deviation from those standards.
- 32 b. Update the space planning standards developed pursuant to this
33 subdivision at least once every five years and distribute those changes
34 to State agencies.
- 35 ...
- 36 (7) Reporting. – The Department of Administration shall make the following
37 reports:
- 38 a. ~~No later than December 1, 2018, April 1, 2023, and every five years~~
39 ~~thereafter, the Department shall report the following to the Joint~~
40 ~~Legislative Commission on Governmental Operations, to the Joint~~
41 ~~Legislative Oversight Committee on Capital Improvements, Joint~~
42 ~~Legislative Oversight Committee on General Government, and Fiscal~~
43 ~~Research Division of the General Assembly, and to the Program~~
44 ~~Evaluation Division of the General Assembly:~~ Division:
- 45 ...
- 46 b. If any State agency fails to submit the information required by
47 subdivision (b)(1) of this section, the Department shall report the
48 failure to the chairs of the Joint Legislative Commission on
49 ~~Governmental Operations and to Operations, the chairs of the Joint~~
50 Legislative Oversight Committee on Capital Improvements, and the

1 chairs of the Joint Legislative ~~Program Evaluation Oversight~~
 2 Committee on General Government within 30 days.

3 c. No later than ~~December 1, 2019,~~ April 1, 2024, and each year
 4 thereafter, the Department shall report to the Joint Legislative
 5 Commission on Governmental Operations, ~~to the Joint Legislative~~
 6 Oversight Committee on Capital Improvements, Joint Legislative
 7 Oversight Committee on General Government, and Fiscal Research
 8 Division of the General Assembly, and to the Program Evaluation
 9 Division of the General Assembly on the State's portfolio of real
 10 property. This report shall include at least the following information:

11 ...
 12 8. A list of all audits performed that year pursuant to
 13 sub-subdivision a. of subdivision (4) of this subsection, a
 14 summary of the findings of each audit, and the agency's plans
 15 for addressing the findings of the audit.

16 (b) Duties of Other State Agencies. – Each State agency shall have the following powers
 17 and duties:

18 (1) Collection and reporting of information on property use. – No later than ~~July~~
 19 ~~1, 2018,~~ November 1, 2022, and each year thereafter, each State agency shall
 20 submit to the Department of Administration all of the information described
 21 in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any
 22 building or facility that the agency occupies. This shall be in addition to any
 23 reports required pursuant to G.S. 143-341(4)h.

24 ...
 25 (4) Development of five-year property management plan. – No later than ~~July 1,~~
 26 ~~2018,~~ November 1, 2022, and every five years thereafter, each State agency
 27 shall develop a five-year real property management plan and shall submit the
 28 plan to the Department of Administration for review. Each plan shall do all of
 29 the following:

30"

31 **SECTION 20.1.(b)** The Department of Administration, State Property Office, shall
 32 include in the April 1, 2023, comprehensive State facilities plan required by G.S. 143-341.2, as
 33 enacted in subsection (a) of this section, a report on any changes to the space needs of State
 34 agencies as a result of employees working from home due to the COVID-19 pandemic. The State
 35 Property Office shall consult with the Office of State Human Resources in preparing the report,
 36 which shall include all of the following:

- 37 (1) The percentage of employees in each State agency that, on average, worked
 38 from home at least one day each week from March 1, 2021, to March 1, 2022.
- 39 (2) The percentage of employees in each State agency that, on average, worked
 40 from home at least four days each week from March 1, 2021, to March 1,
 41 2022.
- 42 (3) Information from State agencies about the continued duration of their
 43 work-from-home policies, including anticipated termination of the policies.
- 44 (4) Recommendations for reducing or consolidating State agency facilities in
 45 response to expanded State agency work-from-home policies.

46
 47 **DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT**

48 **SECTION 20.2.** The Department of Administration, Division of Nonpublic
 49 Education (Division), shall report to the Joint Legislative Oversight Committee on General
 50 Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research
 51 Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for

1 the purpose of ensuring compliance with the provisions of G.S. 115C-552 and G.S. 115C-560.

2 The report shall be compiled as follows:

- 3 (1) An initial report submitted no later than February 1, 2022, which shall include
 4 all of the following:
 5 a. A description of the increase in home school notice of intent filings as
 6 a result of the COVID-19 pandemic and the number of those home
 7 schools that have since submitted termination notices.
 8 b. The current approach to tracking the number of operational home
 9 schools in the State.
 10 c. Challenges in maintaining an accurate count of operational home
 11 schools.
 12 d. Efforts underway to determine which home schools are no longer
 13 operational.
 14 e. The current methodology for compiling annual statistical reports on
 15 operational home schools and any planned database improvements and
 16 changes to the statistical report methodology.
 17 f. Year-to-date and planned expenditures.
 18 (2) A final report submitted no later than August 1, 2022, which shall be appended
 19 to the Division's annual statistical report on home schools and shall include all
 20 of the following:
 21 a. An assessment of the long-term impact of the COVID-19 pandemic on
 22 the number of home schools in the State, including whether the
 23 increase in the number of home schools experienced during the
 24 pandemic is likely to continue to rise or decline and the factors
 25 contributing to those decisions.
 26 b. An assessment of the accuracy of current data on the number of
 27 operational home schools.
 28 c. An update on efforts undertaken to determine which home schools are
 29 no longer operational.
 30 d. Any changes made to the way in which the annual statistical report is
 31 compiled, including any completed database improvements and
 32 changes to the statistical report methodology.
 33 e. Recommendations on ways in which the collection and compilation of
 34 data on the number of operational home schools can be further
 35 improved.
 36

37 **DOA DIVISION OF NONPUBLIC EDUCATION ANNUAL REPORTING**
 38 **REQUIREMENT**

39 **SECTION 20.2A.** G.S. 143-341 reads as rewritten:

40 **"§ 143-341. Powers and duties of Department.**

41 ...

42 (12) Nonpublic Schools:

- 43 a. Via the Division of Nonpublic Education (Division), to submit reports
 44 to the Joint Legislative Oversight Committee on General Government,
 45 the Joint Legislative Oversight Committee on Education, and the
 46 Fiscal Research Division by July 15 of each year that include all of the
 47 following, including the methodology used to gather or estimate the
 48 information:
 49 1. For schools to which Part 1 and Part 2 of Article 39 of Chapter
 50 115C of the General Statutes relate, excluding home schools as

- 1 defined in Part 3 of Article 39 of Chapter 115C of the General
- 2 Statutes:
- 3 I. Statewide. –
- 4 A. Total number of all schools and total number of
- 5 schools by type. For purposes of this
- 6 subdivision, the term "type" means the school
- 7 is operating as a private church school or school
- 8 of religious charter under Part 1 or as a
- 9 nonpublic school under Part 2 of Article 39 of
- 10 Chapter 115C of the General Statutes.
- 11 B. Total student enrollment and total student
- 12 enrollment by type of school.
- 13 C. Total student enrollment by grade.
- 14 D. Total student enrollment by sex.
- 15 II. For each county. –
- 16 A. Total number of all schools and total number of
- 17 schools by type.
- 18 B. Total student enrollment and total student
- 19 enrollment by type of school.
- 20 C. Total student enrollment by grade.
- 21 2. For home schools as that term is defined in Part 3 of Article 39
- 22 of Chapter 115C of the General Statutes:
- 23 I. Statewide. –
- 24 A. Total number of all home schools and total
- 25 number of home schools electing to operate
- 26 under Part 1 and total number electing to
- 27 operate under Part 2 of Article 39 of Chapter
- 28 115C of the General Statutes.
- 29 B. Total student enrollment and total student
- 30 enrollment for home schools electing to operate
- 31 under Part 1 and total enrollment for home
- 32 schools electing to operate under Part 2 of
- 33 Article 39 of Chapter 115C of the General
- 34 Statutes.
- 35 C. Total student enrollment by grade.
- 36 II. For each county. –
- 37 A. Total number of home schools.
- 38 B. Total student enrollment.
- 39 b. The Division shall prepare separate reports for the information
- 40 required by sub-sub-subdivisions a.1. and a.2. of this subdivision.
- 41 c. The Division shall annually prepare and publish on its website a
- 42 statistical history report on (i) the total number of schools and total
- 43 student enrollment for schools to which Part 1 and Part 2 of Article 39
- 44 of Chapter 115C of the General Statutes relate, excluding home
- 45 schools, and (ii) the total number of home schools and the total student
- 46 enrollment for home schools."

**NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT
DUTIES**

SECTION 20.3. G.S. 143B-393 reads as rewritten:

1 "§ 143B-393. North Carolina Council for Women and Youth Involvement – creation;
2 powers and duties.

3 (a) There is hereby created the North Carolina Council for Women and Youth
4 Involvement of the Department of Administration. The Council shall ~~have~~perform the following
5 functions and duties:

- 6 (1) ~~To advise~~Advise the Governor, the principal State departments, and the State
7 legislature concerning the education and employment of women in the State
8 of North Carolina.
- 9 (1a) ~~To advise~~Advise the Governor or Secretary of Administration upon any
10 matter relating to the following programs and organizations:
11 a. North Carolina Internship Council and the North Carolina State
12 Government Internship Program.
13 b. SADD (Students Against Destructive Decisions).
14 c. State Youth Councils.
- 15 (2) ~~To advise~~Advise the Secretary of Administration upon any matter the
16 Secretary may refer to the Council.
- 17 (3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.
- 18 (4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.
- 19 (5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in
20 G.S. 143B-394.21.
- 21 (6) Recommend a person to serve as State Coordinator of the office of
22 Coordinator of Services for Victims of Sexual Assault, as provided in
23 G.S. 143B-394.2.
- 24 (7) Provide staff support to the Domestic Violence Commission, as provided in
25 G.S. 143B-394.16.
- 26 (8) Serve as a member of the North Carolina Child Fatality Task Force, as
27 provided in G.S. 7B-1402.
- 28 (9) Consult with the Department of Public Safety on a reporting system and
29 database on certain domestic violence-related homicides, as provided in
30 G.S. 143B-903.
- 31 (10) Provide staff support for the North Carolina Internship Council and the State
32 Youth Advisory Council, as provided in G.S. 143B-394.32 and
33 G.S. 143B-394.26, respectively.

34"

35
36 **ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE**
37 **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

38 **SECTION 20.5.** Of the funds appropriated in this act from the State Fiscal Recovery
39 Fund to the Department of Administration, North Carolina Council for Women and Youth
40 Involvement (Council), the sum of eight million three hundred eight thousand two hundred
41 eighteen dollars (\$8,308,218) in nonrecurring funds for the 2021-2022 fiscal year shall be used
42 to reduce the negative economic impact of the COVID-19 pandemic on organizations that
43 provide domestic violence and sexual assault services across the State. The Council shall allocate
44 the funds as follows:

- 45 (1) Four million one hundred fifty-four thousand one hundred nine dollars
46 (\$4,154,109) to domestic violence organizations across the State eligible to
47 receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall
48 receive an equal amount as provided in G.S. 50B-9(b).
- 49 (2) Four million one hundred fifty-four thousand one hundred nine dollars
50 (\$4,154,109) to sexual assault programs and organizations across the State
51 eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant

1 recipients shall receive an amount based on the formula provided in
2 G.S. 143B-394.21.

3
4 **NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT**
5 **REPORTING REQUIREMENTS**

6 **SECTION 20.6.** G.S. 50B-9 reads as rewritten:

7 "**§ 50B-9. Domestic Violence Center Fund.**

8 (a) The Domestic Violence Center Fund is established within the State Treasury. The
9 fund shall be administered by the Department of Administration, North Carolina Council for
10 ~~Women,~~ Women and Youth Involvement, and shall be used to make grants to centers for victims
11 of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This
12 fund shall be administered in accordance with the provisions of the ~~Executive State~~ Budget Act.
13 The Department of Administration shall make quarterly grants to each eligible domestic violence
14 center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1,~~
15 ~~2017, and each fiscal year thereafter, the~~ Violence. The Department of Administration shall send
16 the contracts to grantees within 10 business days of the date the Current Operations
17 Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

18 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds
19 under this section, a domestic violence center must meet the following requirements:

20 (1) It shall have been in operation on the preceding July 1 and shall continue to
21 be in operation.

22 (2) It shall offer all of the following services: a hotline, transportation services,
23 community education programs, daytime services, and call forwarding during
24 the night and it shall fulfill other criteria established by the Department of
25 Administration.

26 (3) It shall be a nonprofit corporation or a local governmental entity.

27 (c) ~~The On or before September 1, the~~ North Carolina Council for Women and Youth
28 Involvement shall report on the quarterly distributions of the grants from the Domestic Violence
29 Center Fund to the House and Senate chairs of the General Government Appropriations
30 Committee ~~within five business days of distribution. and the Fiscal Research Division.~~ The report
31 shall include the ~~date,~~ following:

32 (1) Date, amount, and recipients of the fund disbursements. ~~The report shall also~~
33 ~~include any eligible~~

34 (2) Eligible programs which are ineligible to receive funding during the relative
35 reporting cycle as well as the reason of the ineligibility for that relative
36 reporting cycle."
37

38 **GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO**
39 **VICTIMS OF HUMAN TRAFFICKING**

40 **SECTION 20.7.(a)** Of the funds appropriated in this act from the State Fiscal
41 Recovery Fund to the Department of Administration, North Carolina Council for Women and
42 Youth Involvement (Council), the sum of six million six hundred thousand dollars (\$6,600,000)
43 in nonrecurring funds for the 2021-2022 fiscal year shall be used to develop and implement a
44 grant program to provide funds to eligible organizations for economic assistance and to enhance
45 services to victims of human trafficking. The Council may use up to three hundred thousand
46 dollars (\$300,000) of the funds appropriated in this section in each fiscal year of the 2021-2023
47 fiscal biennium to establish three time-limited positions to administer the grant program.

48 **SECTION 20.7.(b)** The following criteria shall apply to the grant program:

49 (1) Grant applicants shall satisfy all of the following:

50 a. Be a nonprofit corporation.

- 1 b. Provide direct services to victims of human trafficking, which may
2 include case management, client safety, client well-being, and other
3 services, including health, transportation, housing, education, and
4 employment assistance.
5 c. Demonstrate an economic loss resulting from the COVID-19
6 pandemic.
7 d. Be ineligible for a grant under the provisions of G.S. 50B-9 and
8 G.S. 143B-394.21.
9 (2) The Council shall coordinate outreach efforts with the North Carolina Human
10 Trafficking Commission, State agencies, and local partners to make
11 information regarding the grant funds available to eligible organizations
12 within two weeks after this section becomes law.
13 (3) The amount of the grant shall not exceed the organization's economic loss
14 resulting from the COVID-19 pandemic.
15 (4) The Council shall, upon receipt of all applications by the deadline set under
16 grant program deadlines, expeditiously award and disburse grant funds.
17 (5) Grant recipients shall comply with all reporting requirements in
18 G.S. 143C-6-23 and the contract between the recipient and the Council.

19 **SECTION 20.7.(c)** If all funds appropriated as provided in subsection (a) of this
20 section are not disbursed in the first round of grants, the Council shall award a second round of
21 grants to eligible organizations for the purpose of developing, strengthening, or expanding human
22 trafficking victim service programs to help mitigate the increased risk of human trafficking as a
23 result of the COVID-19 pandemic. The following criteria shall apply to the second round of the
24 grant program:

- 25 (1) Grant applicants shall satisfy all of the following:
26 a. Be a nonprofit corporation.
27 b. Provide direct services to victims of human trafficking, which may
28 include case management, client safety, client well-being, and other
29 services, including health, transportation, housing, education, and
30 employment assistance.
31 c. Be ineligible for a grant under the provisions of G.S. 50B-9 and
32 G.S. 143B-394.21.
33 d. Submit a detailed proposal of its human trafficking service program
34 which shall, at a minimum, include all of the following:
35 1. A description of the geographic area the organization serves
36 and the needs of victims of human trafficking in that area.
37 2. A plan to address the needs of victims, including the goals and
38 objectives of each proposed initiative.
39 3. The time line for implementing each proposed initiative to
40 achieve the desired objective and the names of any partners
41 with whom the organization will be working and the role of
42 those partners in the proposed initiative.
43 4. A list of the specific services each proposed initiative will
44 deliver, which may include case management, client safety,
45 client well-being, and other services, including health,
46 transportation, housing, education, and employment
47 assistance.
48 5. The anticipated planning and administrative costs for each
49 proposed initiative, sorted by type, including staffing, fixed
50 costs, contracts, and information technology.

- 1 6. A description of the organization's capacity to implement its
- 2 plan to address the needs of victims, including the
- 3 organization's staffing level, systems, partnerships, existing
- 4 funding, and existing programs.
- 5 7. A description of the applicant's plans and capability to continue
- 6 each proposed initiative beyond June 30, 2022, if the applicant
- 7 plans to do so.
- 8 8. Any additional information deemed appropriate by the
- 9 Council.
- 10 (2) The Council shall, in consultation with the North Carolina Human Trafficking
- 11 Commission, develop program guidelines and shall coordinate outreach
- 12 efforts with the Commission, State agencies, and local partners to make
- 13 information regarding the grant funds available to eligible organizations.
- 14 (3) The Council shall set the maximum amount of each grant based upon the
- 15 availability of funds.
- 16 (4) No later than June 30, 2022, each grantee shall submit a report to the Council
- 17 that includes all of the following:
- 18 a. Progress on the development and implementation of each of its
- 19 program initiatives.
- 20 b. Progress on meeting goals and objectives for each program initiative.
- 21 c. The number of human trafficking victims assisted through each
- 22 program initiative.
- 23 d. A description and explanation of any delays in implementation of
- 24 program initiatives.
- 25 e. A description and explanation of any changes in the proposal
- 26 submitted pursuant to sub-subdivision d. of subdivision (1) of this
- 27 subsection.
- 28 f. Planning and administrative costs to date for each program initiative,
- 29 sorted by type, including staffing, fixed costs, contracts, and
- 30 information technology.
- 31 g. Any additional information required by the Council.
- 32 (5) Grant recipients shall comply with all reporting requirements in
- 33 G.S. 143C-6-23 and the contract between the recipient and the Council.
- 34 (6) The Council shall post on its website the detailed proposal required by
- 35 sub-subdivision d. of subdivision (1) of this subsection and the report required
- 36 by subdivision (4) of this subsection.

37 **SECTION 20.7.(d)** Within 60 days of disbursing grants in the first round and the
38 second round, if applicable, the Council shall submit a report on the grants awarded to the Senate
39 Appropriations Committee on General Government and Information Technology, the House of
40 Representatives Appropriations Committee on General Government, the Joint Legislative
41 Oversight Committee on General Government, and the Fiscal Research Division that contains all
42 of the following:

- 43 (1) The number of applications received.
- 44 (2) The number of grants awarded.
- 45 (3) The names and locations of the grant recipients.
- 46 (4) The amount of each grant awarded.
- 47 (5) A description of the human trafficking program initiatives that were funded
- 48 by each grant awarded under subsection (c) of this section, including the
- 49 geographic area in which services were provided.
- 50 (6) The total number of victims of human trafficking that were served, to date, by
- 51 each recipient receiving a grant under subsection (c) of this section.

COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED MOTOR VEHICLES

SECTION 20.9. G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

(8) General Services:

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

7a. ...

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall approximate—be derived from a method that approximates the benefit derived from the use of the vehicle as prescribed by federal law—law, which may include the lease value rule described in Publication 15-B of the Internal Revenue Service. Reimbursement for a member of the Council of State shall be for the actual number of days the member uses the vehicle to commute during the month. Reimbursement for any other individual shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this sub-sub-subdivision, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this sub-sub-subdivision does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in

1 undercover work and are operated by full-time, fully sworn
2 law-enforcement officers whose primary duties include
3 carrying a firearm, executing search warrants, and making
4 arrests, and (xvii) any other vehicle exempted under Section
5 274(d) of the Internal Revenue Code of 1954, and Federal
6 Internal Revenue Service regulations based thereon. The
7 Department of Administration, Division of Motor Fleet
8 Management, shall report quarterly to the Joint Legislative
9 Commission on Governmental Operations and to the Fiscal
10 Research Division of the Legislative Services Office on
11 individuals who use State-owned passenger motor vehicles,
12 pickup trucks, or vans between their official work stations and
13 their homes, who are not required to reimburse the State for
14 these trips.

15"

17 **DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA**

18 **SECTION 20.10.** The Department of Administration (Department) may lease to the
19 United States Department of Agriculture, Agricultural Research Service (USDA ARS), for
20 nominal monetary consideration, up to 15 acres of real property owned by the State and allocated
21 to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City
22 of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for
23 a term of up to 40 years, including renewals, and may permit the construction, as well as the use
24 and operation, by USDA ARS of an interdisciplinary plant research facility and related
25 improvements to facilitate, encourage, and strengthen collaboration with university researchers
26 in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related
27 to the construction, use, and operation of the facility. Notwithstanding the provisions of
28 G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions
29 precedent to its effectiveness stated in the lease. The Department shall comply with the reporting
30 requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.

32 **REVISE LAWS GOVERNING PROCEEDS OF PROPERTY SALES**

33 **SECTION 20.11.(a)** G.S. 146-30.2 is repealed.

34 **SECTION 20.11.(b)** This section is effective retroactively to June 1, 2021. The net
35 proceeds of sales of State-owned real property closing on or after that date shall be distributed
36 by the Department of Administration as set forth in G.S. 146-30.

38 **CONTRACTS FOR NONPROFIT WORK CENTERS FOR THE BLIND AND** 39 **SEVERELY DISABLED**

40 **SECTION 20.12.(a)** G.S. 143-129.5 reads as rewritten:

41 "**§ 143-129.5. Purchases from nonprofit work centers for the blind and severely disabled.**

42 **(a)** Notwithstanding G.S. 143-129, a city, county, or other governmental entity subject to
43 this Article may purchase goods and services directly from a nonprofit work center for the blind
44 and severely disabled, as defined in G.S. 143-48.

45 **(b)** The Secretary of Administration shall, at least annually, canvass nonprofit work
46 centers for the blind and severely disabled for goods and services required by the State
47 government or any of its departments, institutions, or agencies and shall purchase or contract for
48 the purchase, lease, or lease-purchase of those goods and services. The Secretary shall establish
49 and enforce specifications that shall apply to all goods and services to be purchased or leased
50 from nonprofit work centers for the use of the State government or any of its departments,
51 institutions, or agencies. Except as provided in G.S. 148-134, where one or more sources of

1 supply have been established by contract and certified by the Secretary of Administration to State
 2 departments, institutions, and agencies, it shall be the duty of all State departments, institutions,
 3 and agencies to make requisition or issue orders on forms to be prescribed by the Secretary of
 4 Administration for purchases required by them upon the sources of supply so certified. No State
 5 department, institution, or agency shall purchase from any sources other than those certified by
 6 the Secretary unless the requisition cannot be fulfilled because of insufficient availability of
 7 goods or services required. The Secretary shall, in any contract or lease, require that nonprofit
 8 work centers maintain the price of goods or services substantially in accord with that paid by
 9 governmental agencies for similar goods or services of equivalent quality. The provisions of
 10 G.S. 143-52 shall not apply to purchases made pursuant to this section. However, nothing in this
 11 section shall prohibit a nonprofit work center from submitting bids or making offers for contracts
 12 under G.S. 143-52.

13 (c) The Department of Administration shall report annually to the Joint Legislative
 14 ~~Commission on Governmental Operations Oversight~~ Committee on General Government on its
 15 administration of ~~this program~~ the programs described in subsections (a) and (b) of this section."

16 **SECTION 20.12.(b)** G.S. 143-48.2 reads as rewritten:

17 **"§ 143-48.2. Procurement program for nonprofit work centers for the blind and the**
 18 **severely disabled.**

19 (a) An agency subject to the provisions of this Article for the procurement of goods may
 20 purchase goods directly from a nonprofit work center for the blind and severely disabled, subject
 21 to the following provisions:

22 ...

23 (2) The goods must not be available under a State requirements ~~contract~~ contract,
 24 except as provided in G.S. 143-129.5, or available from Correction
 25 Enterprises as provided in G.S. 148-134.

26 ...

27 (b) An agency subject to the provisions of this Article for the procurement of services
 28 may purchase services directly from a nonprofit work center for the blind and severely disabled,
 29 subject to the following provisions:

30 (1) The services must not be available under a State requirements
 31 ~~contract~~ contract, except as provided in G.S. 143-129.5, or available from
 32 Correction Enterprises as provided in G.S. 148-134.

33"

34 **SECTION 20.12.(c)** This section becomes effective October 1, 2021, and applies to
 35 requisitions made on or after that date.

36 **REPEAL STATE EMPLOYEE SUGGESTION PROGRAM**

37 **SECTION 20.13.(a)** The State Employee Suggestion Program (NC-Thinks), being
 38 Article 36A of Chapter 143 of the General Statutes, is repealed.

39 **SECTION 20.13.(b)** G.S. 126-3(b)(10) and G.S. 143-340(1) are repealed.

40 **PART XXI. ADMINISTRATIVE HEARINGS**

41 **OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN** 42 **RELATIONS SPECIALIST POSITION**

43 **SECTION 21.1.** Of the funds appropriated in this act to the Office of Administrative
 44 Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred
 45 dollars (\$2,500) in the 2021-2022 fiscal year may be used for start-up costs, including the
 46 purchase of furniture and other necessary equipment.

47 **PART XXII. AUDITOR [RESERVED]**

PART XXIII. BUDGET AND MANAGEMENT**EVIDENCE-BASED GRANTS**

SECTION 23.1. Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State agencies to do the following: (i) in partnership with research institutions, conduct research projects that will directly inform the agencies' policy and program decisions and (ii) pursuant to contract with an outside entity or in conjunction with OSBM, evaluate how well the agencies' programs are achieving their intended outcomes. OSBM shall develop guidelines and procedures for the administration and distribution of these funds to State agencies through a competitive process and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and use of the funds to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. Each report shall include all of the following for both research projects and evaluation projects for each fiscal year:

- (1) The criteria used by OSBM to evaluate applications from State agencies for grant funds.
- (2) The number of applications received.
- (3) The number of applications accepted and rejected.
- (4) For each State agency, a description of the specific policies and/or programs that were included in the projects as well as the data and research methodology used.
- (5) The names of the research institutions that partnered with State agencies to conduct research projects.
- (6) The names of the outside entities with whom State agencies worked in conjunction to evaluate program outcomes.
- (7) The amount spent on each project.
- (8) The findings of each project.
- (9) A summary of all policy and program changes planned or enacted as a result of project findings.

NCPRO/EXTENSION OF OPERATIONS

SECTION 23.2. Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1, reads as rewritten:

"SECTION 4.3.(a) OSBM shall establish a temporary North Carolina Pandemic Recovery Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery Legislation. This Office shall also provide technical assistance and ensure coordination of federal funds received by State agencies and local governments and ensure proper reporting and accounting of all funds. The authorization set forth in this section expires on ~~December 31, 2021,~~ July 1, 2027, and the Office shall cease to operate upon expiration of the authorization.

...."

LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE

SECTION 23.3.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of thirty million dollars (\$30,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated equally to the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and the North Carolina Association of Regional Councils of Government to provide guidance and technical assistance to units of local government in the

1 administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of
2 S.L. 2021-25.

3 **SECTION 23.3.(b)** Of the funds appropriated in this act from the State Fiscal
4 Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the
5 sum of twenty-four million dollars (\$24,000,000) in nonrecurring funds for the 2021-2022 fiscal
6 year shall be allocated equally between the Town of Huntersville and the Town of Apex.
7

8 **FUNDING FOR STATE RECOGNIZED INDIAN TRIBES**

9 **SECTION 23.4.** Of the funds appropriated in this act from the State Fiscal Recovery
10 Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten
11 million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be
12 allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds
13 shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.
14

15 **STATE AGENCY PERFORMANCE MANAGEMENT**

16 **SECTION 23.5.(a)** The Program Analyst position established in this act in the Office
17 of State Budget and Management (OSBM) shall be used to support statewide performance
18 management initiatives in OSBM.

19 **SECTION 23.5.(b)** The Program Analyst positions established in this act in the
20 Department of Administration and the Department of Military and Veterans Affairs shall be used
21 to implement evidence-based program design and management within the respective agencies.
22 Each department shall collaborate with OSBM on the recruitment, hiring, and onboarding of the
23 positions and shall, prior to filling the positions, consult with OSBM.
24

25 **INTERNAL AUDITORS/DOA AND DMVA CONSULT OSBM**

26 **SECTION 23.6.** The Internal Auditor positions established in this act in the
27 Department of Administration (DOA) and the Department of Military and Veterans Affairs
28 (DMVA) shall be used to implement evidence-based program design and management within
29 the respective agencies. Each department shall collaborate with the Office of State Budget and
30 Management on the recruitment, hiring, and onboarding of the positions and shall, prior to filling
31 the positions, consult with OSBM.
32

33 **PART XXIV. BUDGET AND MANAGEMENT – DIRECTED GRANTS**

34 **EASTERN TRIAD WORKFORCE INITIATIVE**

35 **SECTION 24.1A.** Of the funds appropriated in this act to the Office of State Budget
36 and Management, the sum of four million five hundred thousand dollars (\$4,500,000) in
37 nonrecurring funds for the 2022-2023 fiscal year shall be used to provide directed grants to
38 support the Triad Workforce Solutions Collaborative as follows:
39

- | | | | |
|----|-----|-------------------|-------------|
| 40 | (1) | Alamance County | \$875,000 |
| 41 | (2) | Guilford County | \$2,250,000 |
| 42 | (3) | Rockingham County | \$625,000 |
| 43 | (4) | Randolph County | \$750,000. |

44 **TRUCK DRIVER SHORTAGE**

45 **SECTION 24.1B.(a)** Of the funds appropriated in this act from the State Fiscal
46 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars
47 (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the North
48 Carolina Trucking Association Foundation (Foundation) to address the truck driver shortage in
49 the State. In partnership with the CAGC Foundation, Inc., and the North Carolina Community
50 College System, the Foundation shall use these funds as follows:
51

- 1 (1) To create and conduct a truck driver shortage and image awareness campaign
2 statewide targeting outreach to women and minorities.
- 3 (2) To provide funds for community college instructor pay and equipment related
4 to truck driver training programs in the State, particularly in rural and
5 depressed areas.
- 6 (3) To provide funds for tuition scholarships paid directly to schools in the State
7 to provide opportunities for individuals that are unable to afford tuition for
8 coursework related to truck driver training programs and to obtain commercial
9 driver licensure.
- 10 (4) To provide stipends to trucking company finishing schools in the State.
- 11 (5) To provide hiring bonuses to retired truck drivers recruited as instructors to
12 expand community college training programs in the State.
- 13 (6) To encourage trucking companies to partner with community colleges in the
14 State by offering conditional job placements prior to graduation from a truck
15 driver training program.
- 16 (7) To offer incentives to trucking companies to establish internships and
17 pre-apprenticeships to high school students in the State.

18 **SECTION 24.1B.(b)** Funds appropriated for the program described in this section
19 shall remain available until expended or until December 31, 2024, whichever is later.
20

21 **CONTRACTOR BUSINESS ACADEMY FOR HISTORICALLY UNDERUTILIZED** 22 **BUSINESSES**

23 **SECTION 24.1C.(a)** Of the funds appropriated in this act from the State Fiscal
24 Recovery Fund to the Office of State Budget and Management, the sum of three million dollars
25 (\$3,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC
26 Foundation, Inc., (CAGC) to conduct Historically Underutilized Business Contractor Business
27 Academies (Academies) in partnership with the Department of Administration, Office for
28 Historically Underutilized Businesses (HUB), and the North Carolina Community Colleges
29 System. In developing and administering the Academies, CAGC shall do the following:

- 30 (1) In partnership with HUB and the North Carolina Community Colleges
31 System, develop the content and training to be offered at the Academies.
- 32 (2) Collaborate with nonprofit organizations, including, but not limited to, trade
33 organizations and affinity groups, religious organizations, and State agencies,
34 to recruit participants from rural-, minority-, and women-owned businesses in
35 this State for the Academies.
- 36 (3) Offer at least three Academies in various locations at historically black
37 colleges and universities and community colleges in this State. The
38 Academies shall provide instruction through a combination of in-person and
39 virtual formats and shall be taught by construction industry experts and
40 professionals.
- 41 (4) Provide participation in the Academies free of charge to Disadvantaged
42 Business Enterprise, Minority Business Enterprise, and Women Business
43 Enterprise Program businesses.
- 44 (5) Develop and teach small subcontractors and specialty contractors the basics
45 of operating a successful construction company that can compete for
46 State-funded projects.

47 **SECTION 24.1C.(b)** Funds appropriated for the program described in this section
48 shall remain available until expended or until December 31, 2024, whichever is later.
49

50 **CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM**

1 **SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal
2 Recovery Fund to the Office of State Budget and Management, the sum of three million five
3 hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall
4 be provided as follows:

- 5 (1) The sum of one million dollars (\$1,000,000) to be allocated to the Community
6 Colleges System Office to develop an eight-week work-based learning
7 program across the community college system on campuses where
8 construction programs currently exist or where there is a demand to expand
9 construction programs. The work-based learning program shall involve the
10 construction industry and shall focus on core competencies, including applied
11 hands-on skills, safety training, and soft skills training.
- 12 (2) The sum of two million five hundred thousand dollars (\$2,500,000) to CAGC
13 Foundation, Inc., (CAGC) to be used as follows:
- 14 a. One million five hundred thousand dollars (\$1,500,000) for outreach,
15 recruitment, career coaching, placement, and grants to employers for
16 internships, apprenticeships, and other work-based learning for
17 eligible participants. For purposes of this sub-subdivision, the term
18 "eligible participant" means a woman, minority, veteran, low-wealth
19 individual, and an individual that has been previously incarcerated.
- 20 b. One million dollars (\$1,000,000) to provide financial assistance to
21 individuals to pursue a career pathway through a registered
22 apprenticeship or trade program once an individual has completed the
23 eight-week work-based learning program described in subdivision (1)
24 of this subsection.

25 **SECTION 24.1D.(b)** CAGC, in cooperation with the Community Colleges System
26 Office, shall partner with nonprofit organizations, including, but not limited to, trade
27 organizations and affinity groups, religious organizations, businesses, media organizations, State
28 agencies, and other entities, to conduct outreach to low-wealth and rural high schools and
29 minority and non-English speaking populations in this State for purposes of achieving the
30 objectives prescribed by subsection (a) of this section.

31 **SECTION 24.1D.(c)** Funds appropriated for the program described in this section
32 shall remain available until expended or until December 31, 2024, whichever is later.

33 34 **COVID-19 CONSTRUCTION HEALTH, SAFETY, AND EDUCATION**

35 **SECTION 24.1E.(a)** Of the funds appropriated in this act from the State Fiscal
36 Recovery Fund to the Office of State Budget and Management, the sum of four million dollars
37 (\$4,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC
38 Foundation, Inc., (CAGC) to be used as follows:

- 39 (1) The sum of one million dollars (\$1,000,000) for a statewide multilingual
40 outreach and media campaign targeting construction employers and
41 construction workers and their families that promotes the efficacy and safety
42 of COVID-19 vaccines and the latest guidelines approved by the Centers for
43 Disease Control and Prevention. The media campaign shall utilize various
44 mediums to reach minority populations and individuals that lack proficiency
45 in the English language.
- 46 (2) The sum of two million dollars (\$2,000,000) to provide COVID-19
47 vaccination and medical services to construction workers at construction work
48 sites via pop-up mobile medical units. Medical services available to
49 construction workers shall include COVID-19 testing, COVID-19
50 vaccination, blood pressure screenings, body composition scans, A1C
51 screening, stress tests, mental health screening, vision screening, and

1 substance abuse screening. Referrals to community resources shall be
2 provided for employee follow-up where necessary, including referrals to free
3 or affordable health clinics, pharmaceutical companies, rent and utility
4 assistance programs, food banks, and other community-based organizations.

- 5 (3) The sum of one million dollars (\$1,000,000) to address mental health and
6 substance abuse in the construction industry in this State by conducting a
7 campaign to create awareness of mental health and substance abuse issues and
8 to combat the opioid crisis in the construction industry. The campaign shall
9 also proactively address suicide prevention through transformational
10 strategies by providing resources to construction employers and their
11 employees via safety events, counseling, training, and education.

12 **SECTION 24.1E.(b)** CAGC shall partner with nonprofit organizations, including,
13 but not limited to, trade organizations and affinity groups, religious organizations, businesses,
14 media organizations, State agencies, and other entities, to conduct outreach to rural, minority,
15 and non-English speaking populations in the State for purposes of achieving the objectives
16 prescribed by this section.

17 **SECTION 24.1E.(c)** Funds appropriated in subsection (a) of this section shall
18 remain available until expended or until December 31, 2024, whichever is later.

19 **FUTURE CITY COMPETITION**

20 **SECTION 24.1F.** Of the funds appropriated in this act to the Office of State Budget
21 and Management, the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for
22 the 2021-2022 fiscal year shall be used to provide a directed grant to the Professional Engineers
23 of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the
24 NC Future City competition, a statewide program for sixth, seventh, and eighth grade students
25 that engages students in a hands-on future challenge to foster engineering skills and create interest
26 in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be
27 used to fund any portion of the salary for any employee of the Foundation.

28 **HARNETT COUNTY NONPROFITS**

29 **SECTION 24.1G.** Of the funds appropriated in this act to the Office of State Budget
30 and Management, the sum of sixty-six thousand seven hundred fifty dollars (\$66,750) in
31 nonrecurring funds for the 2021-2022 fiscal year is provided as a directed grant to Harnett County
32 to support the following nonprofit organizations:

- 33 (1) Boys and Girls Club of Central Carolina, Inc.
34 (2) Buddy Backpack Program for Harnett County, Incorporated.
35 (3) Habitat for Humanity of Harnett County, Inc.
36 (4) North Carolina Wildlife Federation, Inc.
37 (5) Special Olympics North Carolina, Inc.
38 (6) Triangle South Literacy Works, Inc.
39 (7) Other nonprofit organizations serving Harnett County.

40 **PART XXV. CONTROLLER**

41 **OVERPAYMENT AUDITS**

42 **SECTION 25.1.(a)** During the 2021-2023 fiscal biennium, receipts generated by the
43 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,
44 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously
45 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as
46 required by G.S. 147-86.22(c).

1 **SECTION 25.1.(b)** Of the funds appropriated in this act from the Special Reserve
2 Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty
3 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for
4 data processing, debt collection, or e-commerce costs.

5 **SECTION 25.1.(c)** The State Controller shall report annually to the Joint Legislative
6 Commission on Governmental Operations and the Fiscal Research Division on the revenue
7 deposited into Special Reserve Account 24172 and the disbursement of that revenue.

9 **DATA SHARING BETWEEN ENTERPRISE-LEVEL SYSTEMS**

10 **SECTION 25.2.(a)** G.S. 143B-1376 reads as rewritten:

11 **"§ 143B-1376. Statewide security and privacy standards.**

12 ...

13 (d) With the approval of the State CIO, enterprise-level system owners may share data
14 between their secure systems and other enterprise-level secure systems to maximize State
15 government's effectiveness and productivity, unless sharing the data is expressly prohibited by
16 State or federal law. Sharing of data under this subsection shall include the transfer of PII or other
17 potentially sensitive data only when appropriate safeguards are in place for both the transfer of
18 the data and storage of the data in the receiving system and when consistent with the Statewide
19 Information Security Policy. For purposes of this subsection, the term "owner" means a State
20 agency having both (i) possession or control of data with the ability to access, create, modify,
21 transfer, or remove data and (ii) authority to assign access privileges to others."

22 **SECTION 25.2.(b)** This section is effective when it becomes law.

23 **PART XXVI. ELECTIONS**

24 **POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS**

25 **SECTION 26.1.(a)** The State Board of Elections (Board) is authorized to continue
26 funding 30 time-limited positions in each fiscal year of the 2021-2023 fiscal biennium using any
27 remaining funds from the three million dollars (\$3,000,000) in nonrecurring Help America Vote
28 Act (HAVA) funds that were appropriated in Section 5.7 of S.L. 2019-239 to the State Board of
29 Elections Special Fund (28025) for each fiscal year of the 2019-2021 fiscal biennium.

30 **SECTION 26.1.(b)** The full-time position of Chief Information Security Officer,
31 authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.

32 **POST-ELECTION INTEGRITY REPORT**

33 **SECTION 26.2.** G.S. 163-182.12A reads as rewritten:

34 **"§ 163-182.12A. Post-election audits.**

35 (a) After conducting a post-election ~~audit~~, audit for each election as required by this
36 Chapter, except for a general election, the State Board shall produce a report which summarizes
37 the audit, including the rationale for and the findings of the audit. After conducting a post-election
38 audit for a general election, the State Board shall produce a report which shall include all of the
39 following:

- 40 (1) A summary of the types of post-election audits required by law and the
41 requirements for conducting each of the audits.
 - 42 (2) A summary of the results of each of the post-election audits described in
43 subdivision (1) of this subsection.
 - 44 (3) A detailed description of each of the post-election audits described in
45 subdivision (1) of this subsection, including any issues that could have
46 affected the outcome of the election and the manner in which those issues
47 were resolved.
- 48
49
50

- 1 (4) A description of any systemic issues that were identified during the
2 post-election audits and any recommendations on the manner in which those
3 issues should be addressed to ensure election security and integrity.
4 (5) The ways in which the public were allowed to observe and comment on the
5 conduct of the post-election audits, as authorized by law.
6 (6) Any other matters deemed appropriate by the State Board.
7 (b) The Each report required by subsection (a) of this section shall be submitted to the
8 Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee
9 on General Government within 10 business days of the date the audit is completed."

11 PART XXVII. GENERAL ASSEMBLY

13 FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON 14 LEGISLATURE

15 **SECTION 27.1.** Of the funds appropriated in this act from the State Fiscal Recovery
16 Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars
17 (\$21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023
18 fiscal biennium shall be allocated as follows:

- 19 (1) Two million three hundred fifty thousand dollars (\$2,350,000) for premium
20 pay and bonuses for essential workers.
21 (2) Eleven million dollars (\$11,000,000) for staff resources dedicated to support
22 legislative activities, including research and analysis, developing and drafting
23 legislation, monitoring spending and compliance with State and federal
24 requirements, and related activities.
25 (3) Four hundred fifty thousand dollars (\$450,000) for replacing revenue lost by
26 legislative food services due to the negative impact of the COVID-19
27 pandemic.
28 (4) Eight million dollars (\$8,000,000) for making broadband and other
29 information technology improvements in the legislative complex and for
30 making improvements in the functionality of committee rooms.

32 PART XXVIII. GOVERNOR [RESERVED]

34 PART XXIX. HOUSING FINANCE AGENCY

36 BUDGETING AND REPORTING REQUIREMENTS

37 **SECTION 29.2.(a)** Chapter 122A of the General Statutes is amended by adding a
38 new section to read:

39 **"§ 122A-16.1. Budgeting requirements.**

40 In addition to the requirements set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the Agency
41 shall include in the report required under G.S. 122A-16 a recommended base budget for
42 operations of, and programs administered by, the Agency showing accounting detail
43 corresponding to the Agency budget recommendation for each budget code and purpose or
44 program. The recommended base budget required under this subsection shall meet all of the
45 following requirements:

- 46 (1) Employ the North Carolina Accounting System Uniform Chart of Accounts
47 adopted by the State Controller to show both uses and sources of funds by
48 line-item detail and shall display in separate parallel columns all of the
49 following: (i) actual expenditures and receipts for the most recent fiscal year
50 for which actual information is available, (ii) the certified budget for the
51 preceding fiscal year, (iii) the currently authorized budget for the preceding

1 fiscal year, (iv) program base budget requirements for the upcoming fiscal
2 year, (v) proposed expenditures and receipts for the upcoming fiscal year, and
3 (vi) proposed increases and decreases.

4 (2) Identify all budget and fund code titles.

5 (3) Include accurate projections of receipts, expenditures, and fund balances.
6 Estimated receipts, including federal funds, shall be adjusted to reflect actual
7 collections from the previous fiscal year, unless there is a more reasonable
8 basis upon which to accurately project receipts. Revenue and expenditure
9 detail provided in the Budget Support Document shall be no less detailed than
10 the two-digit level in the North Carolina Accounting System Uniform Chart
11 of Accounts as prescribed by the State Controller.

12 (4) Clearly identify all proposed expenditures supported by existing or proposed
13 appropriations, including statutory appropriations.

14 (5) Include a list of budget adjustments made during the prior fiscal year that are
15 included in the proposed base budget for the upcoming fiscal year. The list of
16 budget adjustments shall identify the revision number, revision type, revision
17 title, the purpose or programs affected, the amount of funds moving between
18 the purpose or programs, and the justification for the adjustment."

19 **SECTION 29.2.(b)** G.S. 143C-1-1(b) reads as rewritten:

20 "(b) The provisions of this Chapter shall apply to every State agency, unless specifically
21 exempted herein, and to every non-State entity that receives or expends any State funds. No State
22 agency or non-State entity shall expend any State funds except in accordance with an act of
23 appropriation and the requirements of this Chapter. Except for the provisions set forth in
24 G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall
25 continue to apply to the North Carolina Housing Finance Agency created under Chapter 122A of
26 the General Statutes and to control its expenditures and, in the event of a conflict with the sections
27 of this Chapter other than G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of
28 the General Statutes shall control. The provisions of Chapter 120 of the General Statutes shall
29 continue to apply to the General Assembly and to control its expenditures and in the event of a
30 conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control.
31 Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive,
32 or judicial branch."

33 **SECTION 29.2.(c)** G.S. 143C-3-3 is amended by adding a new subsection to read:

34 "(f) Applicability to Housing Finance Agency. – The provisions of this section apply to
35 the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes.
36 Nothing in this section shall be construed as requiring the Housing Finance Agency to receive
37 approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

38 **SECTION 29.2.(d)** G.S. 143C-3-5(d) reads as rewritten:

39 "(d) Funds Included in Budget. – Consistent with requirements of the North Carolina
40 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with
41 the Recommended Base Budget and Recommended Capital Improvements Budget Support
42 Document, shall include recommended expenditures of State funds from all Governmental and
43 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for
44 (i) The University of North Carolina and its constituent institutions that are subject to this
45 Chapter. Chapter and (ii) the North Carolina Housing Finance Agency created under Chapter
46 122A of the General Statutes that are appropriated from the State Treasury. Except where
47 provided otherwise by federal law, funds received from the federal government become State
48 funds when deposited in the State treasury and shall be classified and accounted for in the
49 Governor's budget recommendations no differently than funds from other sources. Nothing in
50 this section shall be construed as requiring the Housing Finance Agency to receive approval for
51 the exercise of any of the powers granted by Chapter 122A of the General Statutes."

1 **SECTION 29.2.(e)** G.S. 122A-16 reads as rewritten:

2 "**§ 122A-16. Oversight by committees of General Assembly; annual reports, report; audit;**
3 **construction of Chapter.**

4 (a) Oversight. – The Finance Committee of the House of Representatives and
5 Representatives, the Finance Committee of the Senate, and the Joint Legislative Oversight
6 Committee on General Government shall exercise continuing oversight of the Agency in order
7 to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that
8 nothing in this Chapter shall be construed as required by the Agency to receive legislative
9 approval for the exercise of any of the powers granted by this Chapter.

10 (b) Comprehensive Report. – The Agency shall, promptly following the close of each
11 fiscal year, on or before December 1 of each year, submit an annual comprehensive report of its
12 activities for the preceding year to the Governor, the Office of State Budget and Management,
13 State Auditor, the aforementioned committees of the General Assembly and the Local
14 Government Commission. Each such Commission, the Joint Legislative Oversight Committee
15 on General Government, and the Fiscal Research Division. The comprehensive report required
16 under this subsection shall set forth a complete operating and financial statement of the Agency
17 during such year include at least all of the following:

18 (1) The goals and objectives of each program administered by the Agency.

19 (2) The number and types of activities funded by the Agency.

20 (3) The number of individuals or families served for each program administered
21 by the Agency.

22 (4) The information required under G.S. 45-104, 122A-5.14, 122A-5.15,
23 122A-16.1, and Section 20.1 of S.L. 2005-276.

24 (c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least
25 once in each year by an independent certified public accountant and the cost thereof may be paid
26 from any available moneys of the Agency. The Agency shall on January 1 and July 1 of each
27 year submit a written report of its activities to the Joint Legislative Commission on Governmental
28 Operations. The Agency shall also at the end of each fiscal year submit a written report of its
29 budget expenditures by line item to the Joint Legislative Commission on Governmental
30 Operations.

31 (d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to
32 receive legislative approval for the exercise of any of the powers granted by this Chapter."

33 **SECTION 29.2.(f)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

34 "**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the
35 federal HOME Program shall be used to match federal funds appropriated for the HOME
36 Program. In allocating State funds appropriated to match federal HOME Program funds, the
37 Agency shall give priority to HOME Program projects, as follows:

38 (1) First priority to projects that are located in counties designated as Tier One,
39 Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

40 (2) Second priority to projects that benefit persons and families whose incomes
41 are fifty percent (50%) or less of the median family income for the local area,
42 with adjustments for family size, according to the latest figures available from
43 the United States Department of Housing and Urban Development.

44 ~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall
45 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~
46 ~~concerning~~ on the status of the HOME Program and shall include in the report information on
47 priorities met, types of activities funded, and types of activities not funded."

48 **SECTION 29.2.(g)** G.S. 45-104(f) reads as rewritten:

49 "(f) ~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency
50 shall report to the General Assembly describing ~~on~~ the operation of the program established by
51 this act not later than May 1 of each year until the funds are completely disbursed from the State

1 Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in
2 aggregate form and may include the number of clients helped, the effectiveness of the funds in
3 preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,
4 and provide any other aggregated information the Housing Finance Agency determines is
5 pertinent or that the General Assembly requests."

6 **SECTION 29.2.(h)** G.S. 122A-5.14(d) reads as rewritten:

7 "(d) Annual Report. – ~~By April 1 of each year, the~~ As part of the report required under
8 G.S. 122A-16, the Agency shall report to the ~~House Appropriations Subcommittee on General~~
9 ~~Government and Senate Appropriations Subcommittee on General Government and Information~~
10 ~~Technology~~ on the effectiveness of the Program in accomplishing its purposes and provide any
11 other information the Agency determines is pertinent or that the General Assembly requests."

12 **SECTION 29.2.(i)** G.S. 122A-5.15(d) reads as rewritten:

13 "(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16,
14 the Agency shall report to the ~~Joint Legislative Commission on Governmental Operations and~~
15 ~~the Fiscal Research Division~~ on the number of loans made under this section, the amount of each
16 loan, and whether the low-income housing development is located in a low-, moderate-, or
17 high-income county, as designated by the Agency."

18 **SECTION 29.2.(j)** Subsections (b) through (d) of this section become effective July
19 1, 2021, and apply beginning with the 2022-2023 fiscal year. Subsections (b) and (c) of
20 G.S. 122A-16, as amended by subsection (e) of this section, and subsections (f) through (i) of
21 this section become effective July 1, 2021, and apply to reports due on or after that date. The
22 remainder of this section becomes effective July 1, 2021.

23 24 STATE HOMEOWNER ASSISTANCE FUND

25 **SECTION 29.3.(a)** The North Carolina Housing Finance Agency shall establish and
26 administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships
27 associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible
28 homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss
29 of utilities or home energy services, and displacements of homeowners experiencing financial
30 hardship after January 21, 2020. The Agency shall do all of the following:

- 31 (1) Develop and submit a plan for the use of federal Housing Assistance Fund
32 (HAF) funding in accordance with the guidelines established by the United
33 States Department of the Treasury (Treasury).
- 34 (2) Upon submission of the plan described in subdivision (1) of this subsection,
35 submit a copy of the plan to the Joint Legislative Oversight Committee on
36 General Government, the Senate Appropriations Committee on General
37 Government and Information Technology, the House of Representatives
38 Appropriations Committee on General Government, and the Fiscal Research
39 Division.
- 40 (3) Promptly notify the entities listed in subdivision (2) of this subsection upon
41 receipt of decisions from the Treasury approving the plan, making
42 recommendations to improve weaknesses in the plan prior to its approval, or
43 any other decisions involving the receipt of federal funds for the purposes
44 described in this section, including the schedule of disbursements of federal
45 funds.
- 46 (4) Allocate or expend funds from the Fund only in accordance with section 3206
47 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the
48 Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as
49 amended from time to time, and any other guidance issued by the Treasury
50 regarding the HAF.

- (5) Beginning in 2022, on or before March 1 and September 1, and on those dates in each year thereafter until the federal HAF funds are fully expended, report to the entities listed in subdivision (2) of this subsection for each program administered under the Fund by providing, at a minimum, all of the following:
- a. An overview and description of program goals.
 - b. The date the program was established and the duration of the program.
 - c. The program's target population and geographic area.
 - d. Homeowner eligibility requirements.
 - e. The number of participating homeowners, type and amount of assistance provided to those homeowners, and the duration of the assistance.
 - f. Progress in meeting program goals to date.
 - g. Interaction with other programs administered under the Fund.
 - h. Agency planning and administrative costs, sorted by type, including staffing, fixed costs, contracts, and information technology.
 - i. Total of federal HAF funds spent to date, amount obligated, and amount unobligated.

SECTION 29.3.(b) This section expires on September 30, 2025, unless the period of performance under the federal HAF program is amended or extended by federal law.

WORKFORCE HOUSING LOAN PROGRAM/REVOLVING LOANS

SECTION 29.4.1.(a) G.S. 122A-5.15 reads as rewritten:

"§ 122A-5.15. Workforce Housing Loan Program.

(a) The North Carolina Housing Finance Agency shall establish and administer the Workforce Housing Loan Program for the purpose of making revolving loans for qualified low-income housing development in the State. Funds appropriated to the North Carolina Housing Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided in this section.

...."

SECTION 29.4.1.(b) This section is effective when it becomes law.

SECTION 29.4.2. Unless otherwise prohibited by federal law or guidelines, loans made from the Workforce Housing Loan Program using funds appropriated to the Program from the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making revolving loans as authorized by G.S. 122A-5.15.

PART XXX. INSURANCE

REGULATORY FEE AND INSURANCE REGULATORY FUND

SECTION 30.1.(a) Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is five percent (5%) for the 2022 calendar year.

SECTION 30.1.(b) G.S. 58-6-25 reads as rewritten:

"§ 58-6-25. Insurance regulatory charge.

...

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve fund, ~~and (ii) that the amount of the~~

1 ~~reserve not exceed one-third of the estimated cost of operating the Department for each upcoming~~
2 ~~fiscal year. that shall be used to provide for unanticipated expenditures requiring a budget~~
3 ~~adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General~~
4 ~~Assembly shall consider all relevant factors that may affect the cost of operating the Department~~
5 ~~or a possible unanticipated increase or decrease in North Carolina premiums or other charge~~
6 ~~revenue.~~

7 ...

8 (d) Use of Proceeds. – ~~The Insurance Regulatory Fund is created in the State treasury,~~
9 ~~under the control of the Office of State Budget and Management. The as an interest-bearing~~
10 ~~special fund to which the proceeds of the charge levied in this section and all fees collected under~~
11 ~~Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General~~
12 ~~Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account~~
13 ~~and any interest or other income derived from the Fund shall be credited to the Fund. credited.~~
14 ~~Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly~~
15 ~~Assembly, and in accordance with the line item budget enacted by the General Assembly. The~~
16 ~~the Fund is subject to the provisions of the State Budget Act, except that no unexpended surplus~~
17 ~~of the Fund shall revert to the General Fund. Act. All money credited to the Fund shall be used~~
18 ~~to reimburse the General Fund for the following:~~

19"

20 **SECTION 30.1.(c)** The Office of State Budget and Management shall, in
21 conjunction with the North Carolina Industrial Commission, adjust the Commission's base
22 budget for each fiscal year of the 2023-2025 fiscal biennium to use proceeds from the insurance
23 regulatory charge established under G.S. 58-6-25 to reimburse the General Fund for operations
24 of the Commission as authorized by G.S. 58-6-25(d)(11).

25 **VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES**

26 **SECTION 30.2.(a)** Grants Authorized. – Notwithstanding the provisions of
27 G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire
28 Department Fund to provide grants to eligible fire departments in accordance with this section.
29 The Commissioner may use up to one percent (1%) of the Fund for staff and resources to
30 administer the grant programs authorized by this section. For purposes of this section, the term
31 "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

32 **SECTION 30.2.(b)** Base Allocation Grants. – Of the funds appropriated in this act
33 to the Department of Insurance, the sum of eight million dollars (\$8,000,000) from the State
34 Fiscal Recovery Fund shall be used to provide eligible fire departments base allocation grants for
35 purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the
36 Commissioner and shall be awarded a base allocation of ten thousand dollars (\$10,000) for the
37 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its
38 impact on the department's ability to conduct fundraising and generate revenue. Base allocations
39 do not require a match and shall be made as soon as practicable, but not later than August 1,
40 2021.

41 **SECTION 30.2.(c)** Supplemental Grants. – An eligible fire department may apply
42 to the Commissioner for a supplemental grant to be used to purchase equipment, make capital
43 improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be
44 awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars
45 (\$35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire
46 departments in single lump sum payments. The Commissioner shall award and release grant
47 funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants
48 across the State.

49 **SECTION 30.2.(d)** Emergency Reserve Grants. – The Commissioner shall reserve
50 up to one million dollars (\$1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to
51

1 provide grants to eligible fire departments in the event of an emergency. For purposes of this
2 subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency
3 reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes
4 consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on
5 June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire
6 Department Fund. If an eligible fire department is awarded an emergency reserve grant and
7 thereafter receives a monetary settlement from its insurance carrier for the same loss or damages
8 for which the grant was awarded, the fire department shall reimburse the State for the amount of
9 the grant.

10 **SECTION 30.2.(e) Report.** – Within 60 days after all grants have been awarded
11 under this section, the Commissioner shall submit a written report to the Senate Appropriations
12 Committee on General Government and Information Technology, the House of Representatives
13 Appropriations Committee on General Government, the Joint Legislative Oversight Committee
14 on General Government, and the Fiscal Research Division which shall be posted on the
15 Department of Insurance's website and shall contain all of the following:

- 16 (1) For base allocation grants under subsection (b) of this section, the total number
17 of grants awarded.
- 18 (2) For supplemental grants under subsection (c) of this section:
 - 19 a. The total number of grants awarded, the average amount of the grants
20 awarded, and the range of the amounts of the grants awarded.
 - 21 b. A description of the types of purchases made using grant funds and the
22 other ways in which grant funds were used.
- 23 (3) For emergency reserve grants under subsection (d) of this section:
 - 24 a. A list of the eligible fire departments that were awarded grants.
 - 25 b. The amount of the grant award to each eligible fire department.
 - 26 c. A description of the emergency for which grant funds were awarded.

27 28 **WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE** 29 **WORKERS**

30 **SECTION 30.3.** Notwithstanding the provisions of G.S. 58-87-10, for the
31 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall
32 not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined
33 in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created
34 pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no
35 eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission
36 any payment to participate in the Fund.
37

38 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

39 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

40 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

41 42 **ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS**

43
44 **SECTION 33.1.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds
45 appropriated in this act to the Department of Military and Veterans Affairs (Department), the
46 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022
47 fiscal year shall be used by the Department, in consultation with the Department of Health and
48 Human Services (DHHS), to assess the long-term care needs of veterans across the State for the
49 purpose of developing a plan to guide the State in enhancing long-term care and other services
50 for veterans. The assessment and plan shall incorporate the following principles and objectives:
51

- 1 (1) Use State-specific veterans' demographic information, including the
2 geographical distribution of veterans across the State.
- 3 (2) Allow for the fact that the needs of veterans are complex and broader than the
4 traditional, institutional-based system of care.
- 5 (3) Take into account the needs of pre- and post-Gulf War veterans in planning
6 services and support.
- 7 (4) Incorporate the presence and location of current State Veterans Homes, and
8 the services they provide, in a larger long-term system of care to meet the
9 needs of veterans in both rural and urban areas.
- 10 (5) Enhance and develop new partnerships, including with the existing nursing
11 home industry, to encourage and promote the location and certification of
12 nursing homes in target areas so that those facilities can qualify for
13 reimbursement from the U.S. Department of Veterans Affairs.
- 14 (6) Explore partnerships with a broader system of nursing homes across the State
15 to expand State resources.
- 16 (7) Encourage partnerships of home- and community-based services with existing
17 providers and the U.S. Department of Veterans Affairs for enhanced services.
- 18 (8) Evaluate State planning to explore financially feasible and sustainable options
19 for meeting veterans' needs.
- 20 (9) Evaluate current resources by determining programmatic approaches to avoid
21 new construction of State veterans' homes.
- 22 (10) Consider alternate models of care prior to expanding veterans nursing homes.

23 **SECTION 33.1.(b)** To lead the assessment and develop the plan required by this
24 section, the Department shall issue a request for proposals for an independent consultant with
25 subject matter expertise in the field of long-term care planning for veterans. The provisions of
26 Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

27 **SECTION 33.1.(c)** The Department, in consultation with DHHS, shall issue a
28 progress report on the implementation of this section no later than December 1, 2021, and April
29 1, 2022, and a final report, including the results of the assessment and the plan required by this
30 section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General
31 Government, the Senate Appropriations Committee on General Government and Information
32 Technology, the House of Representatives Appropriations Committee on General Government,
33 and the Fiscal Research Division.

34 **REPORT ON STATE VETERANS HOMES**

35 **SECTION 33.2.** Part 10 of Article 14 of Chapter 143B of the General Statutes is
36 amended by adding a new section to read:

37 **"§ 143B-1301. Detailed annual report.**

38 By March 1 of odd-numbered years and September 1 of even-numbered years, the
39 Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight
40 Committee on General Government, the Senate Appropriations Committee on General
41 Government and Information Technology, the House of Representatives Appropriations
42 Committee on General Government, and the Fiscal Research Division on the status of the State
43 Veterans Homes program by providing a general overview of the State Veterans Homes and a
44 specific description of each facility which shall include, at a minimum, all of the following:

- 45 (1) Facility location and date opened, which shall be included in the first report
46 only, unless the information has changed.
- 47 (2) Services available, including specialty services offered.
- 48 (3) Staffing levels, including resident-to-nursing ratios.
- 49 (4) Partnerships with outside organizations and governments in delivery of
50 services.
- 51

- 1 (5) Average daily census.
- 2 (6) Number of beds, by type.
- 3 (7) Admission eligibility, admission by type, such as long-term care and
4 rehabilitation, and admissions by referral.
- 5 (8) Description of residents, including:
 - 6 a. Demographics by age, race, ethnicity, and gender.
 - 7 b. Resident's home county where domiciled prior to admission to facility.
 - 8 c. Number of admissions, discharges, and deaths.
- 9 (9) Results of resident and family satisfaction surveys.
- 10 (10) Waiting list data, including average length of wait time and priority for
11 admission.
- 12 (11) Certification and quality rating by independent organizations and State and
13 federal government.
- 14 (12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private
15 pay, or any other source.
- 16 (13) Average out-of-pocket payment per resident.
- 17 (14) State administrative costs, sorted by type, including staffing, fixed costs,
18 facility operation, and maintenance.
- 19 (15) Total receipts collected, by source, including Medicare, Medicaid, Veterans
20 Affairs, private pay, or any other source."

21 22 **VETERANS LIFE CENTER CHALLENGE GRANT**

23 **SECTION 33.3.(a)** Notwithstanding the provisions of G.S. 143B-1293, the
24 Department of Military and Veterans Affairs (hereinafter "Department") shall use the sum of
25 seven hundred fifty thousand dollars (\$750,000) in recurring funds for each year of the
26 2021-2023 fiscal biennium appropriated in this act from the North Carolina Veterans Home Trust
27 Fund to the Department to create a challenge grant program for the Veterans Life Center of North
28 Carolina (hereinafter "Center") as provided in this section. The funds shall be used by the Center
29 for the purpose of providing rehabilitation and reintegration services and support to veterans
30 across the State. To receive State funds under this section, the Center shall raise at least seven
31 hundred fifty thousand dollars (\$750,000) in non-State funds for each fiscal year of the
32 2021-2023 fiscal biennium, which the Center shall demonstrate to the satisfaction of the
33 Department prior to the allocation of State funds. The Department shall disburse State funds on
34 a quarterly basis in an amount equal to the non-State funds raised by the Center in that quarter,
35 but in no case shall the Department disburse State funds to the Center if it has not raised the
36 required non-State funds. The Center cannot supplant, shift, or reallocate Center funds for the
37 purpose of achieving the non-State fundraising target required by this section.

38 **SECTION 33.3.(b)** Not later than August 1, 2022, and August 1, 2023, the
39 Department shall report to the Joint Legislative Oversight Committee on General Government
40 and the Fiscal Research Division on the use of the funds authorized in subsection (a) of this
41 section, including whether the Center achieved the fundraising targets in each fiscal year of the
42 fiscal biennium to receive State funds. The report shall also detail the specific services that were
43 provided to veterans as a result of the challenge grant program. The Center shall provide
44 information, as requested by the Department, to prepare the report.

45 46 **REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

47 **SECTION 33.4.** Part 2 of Article 14 of Chapter 143B of the General Statutes is
48 amended by adding a new section to read:

49 **"§ 143B-1228. Report on scholarships.**

50 By September 1 of each year, the Department of Military and Veterans Affairs shall report
51 to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations

1 Committee on General Government and Information Technology, the House of Representatives
 2 Appropriations Committee on General Government, and the Fiscal Research Division the
 3 following data on the Scholarships for Children of Wartime Veterans program:

- 4 (1) Description of the scholarship program, by year, including statutory
 5 establishment, purpose, and eligibility.
 6 (2) Number of scholarships awarded in each of the past five fiscal years and sorted
 7 by:
 8 a. Number of full-time students receiving scholarships and grouped by
 9 public, private, and community colleges.
 10 b. Number of new applicants for scholarships.
 11 c. Number of new scholarship awards offered, denied, and accepted.
 12 d. Range and average amount of scholarships awarded.
 13 e. Actual amount of award provided.
 14 f. Scholarship awards offered and accepted by county.
 15 g. Number of scholarship recipients who completed the degree
 16 requirements for graduation.
 17 h. Total expenditures for scholarship awards classified by source,
 18 including State funds and Escheats Fund.
 19 i. Total costs of administering the scholarship program."
 20

21 **VETERANS CEMETERIES TRUST FUND**

22 **SECTION 33.5.(a)** Notwithstanding the provisions of G.S. 143B-1293, the sum of
 23 fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year
 24 transferred in this act from the North Carolina Veterans Home Trust Fund and appropriated to
 25 the North Carolina Veterans Cemeteries Trust Fund shall be used to provide a sustainable and
 26 recurring source of funds for the maintenance of each of the State's veterans cemeteries when
 27 each reaches full capacity.

28 **SECTION 33.5.(b)** G.S. 143B-1293 reads as rewritten:

29 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

30 ...

31 (d) Miscellaneous. – The following provisions apply to the trust fund created in
 32 subsection (a) of this section:

- 33 (1) All funds deposited and all income earned on the investment or reinvestment
 34 of such funds shall be credited to the trust fund.
 35 (1a) The Department of Military and Veterans Affairs shall transfer ten percent
 36 (10%) of the unspent receipts collected in each fiscal year from the trust fund
 37 to the North Carolina Veterans Cemeteries Trust Fund on or before June 30
 38 of each fiscal year.
 39 (2) ~~Any~~ Except as provided in subdivision (1a) of this subsection, monies
 40 remaining in the trust fund at the end of each fiscal year shall remain on
 41 deposit in the State treasury to the credit of the North Carolina Veterans Home
 42 Trust Fund.
 43 (3) Nothing contained herein shall prohibit the establishment and utilization of
 44 special agency accounts by the Department of Military and Veterans Affairs
 45 or by the Veterans' Affairs Commission, for the receipt and disbursement of
 46 personal funds of the State veterans homes' residents or for receipt and
 47 disbursement of charitable contributions for use by and for residents."
 48

49 **STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S** 50 **SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

51 **SECTION 33.6.(a)** G.S. 116-204 reads as rewritten:

1 **"§ 116-204. Powers of Authority.**

2 The Authority is hereby authorized and empowered:

3 ...

4 (11a) To be responsible for the disbursement of the State's Scholarships for Children
5 of Wartime Veterans established by Part 2 of Article 14 of Chapter 143B of
6 the General Statutes.

7"

8 **SECTION 33.6.(b)** G.S. 116B-7 reads as rewritten:

9 **"§ 116B-7. Distribution of fund.**

10 ...

11 (b) An amount specified in the Current Operations Appropriations Act shall be
12 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~
13 Board of Governors of The University of North Carolina to be allocated to the State Education
14 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans
15 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be
16 used only for residents of this State who (i) are worthy and needy as determined by the
17 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher
18 education of this State."

19 **SECTION 33.6.(c)** G.S. 143B-1211 reads as rewritten:

20 **"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

21 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
22 following:

23 ...

24 (11) Manage and maintain the State's Scholarships for Children of Wartime
25 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the
26 General Statutes and in support of the Veterans' Affairs
27 ~~Commission~~ Commission; provided, however, the disbursement of
28 scholarships to the children of wartime veterans shall be performed by the
29 State Education Assistance Authority established pursuant to Article 23 of
30 Chapter 116 of the General Statutes.

31"

32 **SECTION 33.6.(d)** G.S. 143B-1220 reads as rewritten:

33 **"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

34 There is hereby created the Veterans' Affairs Commission of the Department of Military and
35 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and
36 duties, as delegated by the Secretary of Military and Veterans Affairs:

37 ...

38 (3) To promulgate rules and regulations concerning the awarding of scholarships
39 for children of North Carolina veterans as provided by this Article. The
40 Commission shall make rules and regulations consistent with the provisions
41 of this Article. All rules and regulations not inconsistent with the provisions
42 of this Chapter heretofore adopted by the State Board of Veterans' Affairs
43 shall remain in full force and effect unless and until repealed or superseded by
44 action of the Veterans' Affairs Commission. All rules and regulations adopted
45 by the Commission shall be enforced by the Department of Military and
46 Veterans ~~Affairs~~ Affairs and, in the disbursement of scholarships, the
47 Authority, as directed by the Department on behalf of the Commission; and

48"

49 **SECTION 33.6.(e)** G.S. 143B-1224 reads as rewritten:

50 **"§ 143B-1224. Definitions.**

51 As used in this Part the terms defined in this section shall have the following meaning:

1 ...

2 (2a) "Authority" means the State Education Assistance Authority established
3 pursuant to Article 23 of Chapter 116 of the General Statutes.

4"

5 SECTION 33.6.(f) G.S. 143B-1225 reads as rewritten:

6 "**§ 143B-1225. Scholarship.**

7 ...

8 (b) The Veterans' Affairs Commission shall select recipients for scholarships and notify
9 the Authority of the recipients for the disbursement of scholarships in accordance with the
10 provisions of G.S. 143B-1227. If a child is awarded a scholarship under this Part, the
11 Commission shall notify the recipient by May 1st of the year in which the recipient enrolls in
12 college."

13 SECTION 33.6.(g) G.S. 143B-1227 reads as rewritten:

14 "**§ 143B-1227. Administration and funding.**

15 (a) The administration of the scholarship program shall be vested in the Department of
16 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a
17 the responsibility of the Department of Military and Veterans Affairs Authority. The Veterans'
18 Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,
19 establish the effective date of scholarships, and may notify the Authority of the need to suspend
20 or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not
21 comply with the registration requirements of the Selective Service System or does not maintain
22 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the
23 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the
24 peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain
25 the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such
26 rules and regulations not inconsistent with the other provisions of this Part as it deems necessary
27 for the orderly administration of the program. It may require of State or private educational
28 institutions, as defined in this Part, such reports and other information as it may need to carry out
29 the provisions of this Part. The Department of Military and Veterans Affairs Authority shall
30 disburse scholarship payments for recipients certified eligible by the Department of Military and
31 Veterans Affairs upon certification of enrollment by the enrolling institution.

32 (b) Funds for the support of this program shall be appropriated to the ~~Department of~~
33 ~~Military and Veterans Affairs Board of Governors of The University of North Carolina to be~~
34 allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,
35 and other charges, and shall be placed in a separate budget code from which disbursements shall
36 be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as
37 provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of
38 this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~
39 ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~
40 ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~
41 ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated
42 for payments under the provisions of this section shall be in accordance with those standards and
43 procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

44 (c) Allowances for room and board in State educational institutions shall be at such rate
45 as established by the Secretary of the Department of Military and Veterans Affairs.

46 (d) Scholarship recipients electing to attend a private educational institution shall be
47 granted a monetary allowance for each term or other academic period attended under their
48 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
49 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III
50 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course
51 or institution. The amount of said allowances shall be determined by the Director of the Budget

1 and made known prior to the beginning of each fall quarter or semester; provided that the Director
2 of the Budget may change the allowances at intermediate periods when in his judgment such
3 changes are necessary. Disbursements by the State shall be to the private institution concerned,
4 for credit to the account of each recipient attending said institution. The manner of payment to
5 any private institution shall be as prescribed by the ~~Department of Military and Veterans Affairs~~
6 Authority. The participation by any private institution in the program shall be subject to the
7 applicable provisions of this Part and to examination by State auditors of the accounts of
8 scholarship recipients attending or having attended private institutions. The ~~Veterans' Affairs~~
9 ~~Commission~~ Authority may defer making an award or may suspend an award in any private
10 institution which does not comply with the provisions of this Part relating to said institutions.

11 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~
12 Authority may prescribe special procedures for adjusting the accounts of scholarship recipients
13 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory
14 to the ~~Veterans' Affairs Commission~~ Authority may withdraw from State or private educational
15 institutions prior to the completion of the term, semester, quarter or other academic period being
16 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,
17 paying the recipient the dollar value of his unused ~~entitlements~~ scholarship for the academic
18 period being attended, with a corresponding deduction of this period from his remaining
19 scholarship eligibility time."

20 **SECTION 33.6.(h)** This section is effective when it becomes law and applies to
21 scholarships awarded for the 2021-2022 academic year.

22 23 **VETERANS JUSTICE INTERVENTION PILOT PROGRAM**

24 **SECTION 33.7.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds
25 appropriated in this act from the Veterans Home Trust Fund to the Department of Military and
26 Veterans Affairs, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the
27 2021-2022 fiscal year shall be used to provide a directed grant to The Independence Fund, Inc.,
28 to establish and implement a pilot program to expand the Veterans Justice Intervention (VJI)
29 program by working with law enforcement agencies all across the State. These funds may be
30 used to contract with a subject matter expert for the assessment, coordination, and
31 implementation of the VJI in each of the law enforcement departments.

32 **SECTION 33.7.(b)** As a condition of receiving the funds authorized in subsection
33 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 34 (1) Partner with other nonprofits, State and local governments, and federal
35 agencies to develop and assess each county's initial response to veterans in
36 crises and develop an updated data collection process map for each county.
- 37 (2) Educate first responders, local community support employees, and others on
38 veteran-specific crisis intervention, suicide prevention, and VA resources
39 available through the Veterans Affairs Administration.
- 40 (3) Execute new training plans based on the data collection process maps
41 developed pursuant to subdivision (1) of this subsection.
- 42 (4) Monitor the pilot program and maintain regular contact with each county to
43 ensure up-to-date training and availability and allocation of resources.
- 44 (5) By June 30, 2022, report to the Joint Legislative Committee on General
45 Government, the Joint Legislative Committee on Justice and Public Safety,
46 and the Fiscal Research Division on the effectiveness of the pilot program,
47 including the feasibility of expanding the program throughout the State.

48 49 **PART XXXIV. REVENUE**

50 51 **TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND**

1 **SECTION 34.1.** G.S. 105-243.1 reads as rewritten:

2 "**§ 105-243.1. Collection of tax debts.**

3 ...

4 (e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of~~
5 ~~collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be~~
6 ~~credited to a special account within the Department and may be expended only as provided in~~
7 ~~this subsection. The proceeds of the fee may not be used for any purpose that is not directly and~~
8 ~~primarily related to collecting and reducing the incidence of overdue tax debts. The Department~~
9 ~~may apply the proceeds of the fee for the purposes listed in this subsection. The remaining~~
10 ~~proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The~~
11 ~~fee proceeds do not revert but remain in the special account until spent for the purposes listed in~~
12 ~~this subsection. The Department and the Office of State Budget and Management must account~~
13 ~~for all expenditures using accounting procedures that clearly distinguish costs allocable to the~~
14 ~~purposes listed in this subsection from costs allocable to other purposes and must demonstrate~~
15 ~~that none of the fee proceeds are used for any other purpose.~~pursuant to appropriation by the
16 General Assembly.

17 The Department may apply the fee proceeds for the following purposes:

- 18 (1) ~~To pay (i) contractors for collecting overdue tax debts under subsection (b) of~~
19 ~~this section and (ii) auditors responsible for identifying overdue tax debts.~~
- 20 (2) ~~To pay the fee the United States Department of the Treasury charges for setoff~~
21 ~~to recover tax owed to North Carolina.~~
- 22 (3) ~~To pay for taxpayer locator services, not to exceed three hundred fifty~~
23 ~~thousand dollars (\$350,000) a year.~~
- 24 (4) ~~To pay for postage or other delivery charges for correspondence directly and~~
25 ~~primarily relating to collecting overdue tax debts, not to exceed seven hundred~~
26 ~~fifty thousand dollars (\$750,000) a year.~~
- 27 (5) ~~To pay for operating expenses for Project Collection Tax and the Taxpayer~~
28 ~~Assistance Call Center.~~
- 29 (6) ~~To pay for expenses of the Examination and Collection Division directly and~~
30 ~~primarily relating to collecting overdue tax debts.~~
- 31 (7) ~~To pay the direct and indirect expenses of information technology upgrades~~
32 ~~to the Department of Revenue computer systems that are intended to upgrade~~
33 ~~Department of Revenue capabilities to (i) allow for electronic filing of returns~~
34 ~~by taxpayers and the electronic issuance of refunds by the Department for all~~
35 ~~remaining tax schedules and (ii) accomplish other mission critical information~~
36 ~~technology tasks of the Department as approved by the Office of State Budget~~
37 ~~and Management in consultation with the State CIO.~~

38 "

40 **TAX FRAUD ANALYTICS**

41 **SECTION 34.3.** Of the funds appropriated in this act to the Department of Revenue,
42 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each
43 fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the
44 Department's tax fraud analysis contract through the Government Data Analytics Center
45 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information
46 reporting, collections case management, collections optimization, managed services, and
47 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC
48 and utilize the subject matter expertise and technical infrastructure available through existing
49 GDAC public-private partnerships for fraud detection and analytics infrastructure.

51 **GROWER GRANT PROGRAM**

1 **SECTION 34.3.1.(a)** Purpose; Use. – The purpose of this section is to use funds
2 from the American Rescue Plan Act to aid businesses in North Carolina that suffered substantial
3 economic damage from the COVID-19 pandemic for which they were not otherwise
4 compensated.

5 **SECTION 34.3.1.(b)** GROWER Grant Program. – The Department of Revenue is
6 authorized to create and administer the Generating Recovery for Organizations Without Earlier
7 Relief Grant Program (Program). The Department must provide a one-time grant to businesses
8 that suffered economic damage from the COVID-19 pandemic and meet the conditions of this
9 section.

10 **SECTION 34.3.1.(c)** Eligibility. – A business is eligible for a grant under this
11 Program if it meets all of the following conditions:

- 12 (1) It is a business classified in NAICS Code 71 or 72.
- 13 (2) It demonstrates that it suffered an economic loss of at least ten percent (10%).
- 14 (3) It did not participate in a loan or grant program created or funded through the
15 CARES Act, the Consolidated Appropriations Act, or the American Rescue
16 Plan Act.

17 **SECTION 34.3.1.(d)** Application. – A business must apply to the Department of
18 Revenue for a grant on a form prescribed by the Department and must include any supporting
19 documentation required by the Department. The application must be filed with the Department
20 on or before the deadline prescribed by the Department, which must be at least 60 days after the
21 effective date of this section but no more than 90 days after the effective date of this section. The
22 Department may not accept late applications.

23 **SECTION 34.3.1.(e)** Grant Amount. – The grant amount is equal to the applicant's
24 economic loss, subject to the reduction in subsection (f) of this section.

25 **SECTION 34.3.1.(f)** Grant Program Limit. – The total of all funds granted under
26 this Program, including the amount the Department of Revenue may use for administration of
27 the Program, may not exceed five hundred million dollars (\$500,000,000). The Department must
28 calculate the total amount of grants requested from the applications timely filed under subsection
29 (d) of this section. If the total amount of grants requested exceeds the maximum amount of funds
30 available under this subsection, the Department must reduce each grant award on a proportionate
31 basis. The Department's grant determinations based on applications timely filed are final.

32 **SECTION 34.3.1.(g)** Clawback. – If a business receives a grant under this program
33 for which it is ineligible, the business forfeits the grant awarded under this section and is liable
34 for the amounts received.

35 **SECTION 34.3.1.(h)** Definitions. – The following definitions apply in this section:

- 36 (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L.
37 117-2.
- 38 (2) Business. – An entity subject to income tax under Article 4 of Chapter 105 of
39 the General Statutes.
- 40 (3) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security
41 Act, P.L. 116-136.
- 42 (4) Consolidated Appropriations Act. – The Consolidated Appropriations Act of
43 2021, P.L. 116-260.
- 44 (5) COVID period. – The period beginning April 1, 2020, and ending December
45 31, 2020.
- 46 (6) Economic loss. – The economic damage experienced in connection with the
47 COVID-19 pandemic, determined as the difference between the business's
48 gross receipts for the COVID period and its gross receipts for the equivalent
49 time frame in 2019.

1 (7) Gross receipts. – The sum of the North Carolina gross receipts listed on line 1
2 of Form E-500, Sales and Use Tax Return, for sales occurring during a
3 specified time period.

4 (8) NAICS. – The North American Industry Classification System adopted by the
5 United States Office of Management and Budget as of December 31, 2020.

6 **SECTION 34.3.1.(i)** Outreach. – The Department of Administration, Office for
7 Historically Underutilized Businesses, is directed to inform and educate minority-owned
8 businesses that may be eligible to apply for the grants provided by the Program as soon as
9 practicable so they may have the opportunity to access the grants provided by it. The Department
10 of Revenue is not required to advertise or provide any specific outreach on the Program except
11 for posting relevant Program information on its website.

12 **SECTION 34.3.1.(j)** Allocation of Funds for the GROWER Grant Program. – Of
13 the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of
14 Revenue, the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the
15 2021-2022 fiscal year is allocated for the Generating Recovery for Organizations Without Earlier
16 Relief Grant Program to be used as provided in this section. The Department of Revenue may
17 use up to two million five hundred thousand dollars (\$2,500,000) of the funds allocated in this
18 subsection for the administration of this section. The Department shall remit any funds remaining
19 after disposition of all timely filed applications under this section to the Office of State Budget
20 and Management which shall deposit the funds into the State Fiscal Recovery Reserve. Amounts
21 deposited into the Reserve under this section are receipts that do not constitute an "appropriation
22 made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina
23 Constitution.

24 **SECTION 34.3.1.(k)** This section is effective when it becomes law.

25 **SECTION 34.3.2.(a)** G.S. 105-130.5(b) reads as rewritten:

26 "(b) The following deductions from federal taxable income shall be made in determining
27 State net income:

28 ...

29 (31a) To the extent included in federal taxable income, the amount received by a
30 taxpayer under the Generating Recovery for Organizations Without Earlier
31 Relief Grant Program."

32 **SECTION 34.3.2.(b)** G.S. 105-153.5(b) reads as rewritten:

33 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
34 deduct from the taxpayer's adjusted gross income any of the following items that are included in
35 the taxpayer's adjusted gross income:

36 ...

37 (14a) The amount received by a taxpayer under the Generating Recovery for
38 Organizations Without Earlier Relief Grant Program."

39 **SECTION 34.3.2.(c)** This section is effective for taxable years beginning on or after
40 January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

41 DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT

42 **SECTION 34.4.** Section 8.1 of S.L. 2019-246 reads as rewritten:

43 **"SECTION 8.1.(a)** The Department of Revenue shall update its electronic tax systems to
44 store and recognize power of attorney registrations to ensure that notices generated by the
45 Department are simultaneously sent to both the taxpayer and the person designated in the
46 taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to
47 the Joint Legislative Oversight Committee on General Government on its progress in updating
48 its electronic tax systems to store and recognize power of attorney registrations.

49 **"SECTION 8.1.(b)** By October 1, 2021, and monthly thereafter, the Department of Revenue
50 shall submit a written report on the status of the power of attorney registration project required
51

1 by subsection (a) of this section to the chairs of the House Appropriations Committee on General
2 Government and the Senate Appropriations Committee on General Government and Information
3 Technology and the Fiscal Research Division. The monthly report shall also include an update
4 on the status of the Collections Case Management system implementation and the IBM 4100
5 replacement project currently underway in the Department."

6
7 **PART XXXV. SECRETARY OF STATE [RESERVED]**

8
9 **PART XXXVI. TREASURER**

10
11 **IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL**
12 **GOVERNMENT UNITS**

13 **SECTION 36.1.(a)** The Department of State Treasurer, State and Local Government
14 Finance Division, in consultation with the Local Government Commission (hereinafter
15 "Commission"), shall evaluate the State's current system for monitoring the financial operations
16 of local government units (hereinafter "unit" or "units") and approving their requests to issue new
17 debt and amend current debt. For purposes of this section, the term "unit" has the same meaning
18 as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for
19 monitoring the financial operations of units that does all of the following:

- 20 (1) Uses a "value added" approach to reviewing the State's current practices and
21 policies.
- 22 (2) Directs current Commission staffing resources to the units in greatest need
23 and away from units with adequate governance, staff, resources, and technical
24 expertise.
- 25 (3) Implements a schedule of reporting to the Commission based on a unit's
26 financial health.
- 27 (4) Standardizes training of unit officials and staff, as deemed appropriate by the
28 Commission.
- 29 (5) Authorizes the Commission to compel units to comply with Commission
30 directives.
- 31 (6) Incorporates a clear definition of the term "fiscal distress."
- 32 (7) Implements a new fiscal warning system for units at risk of fiscal distress.
- 33 (8) Expands the criteria and parameters for measuring a unit's fiscal health to
34 incorporate economic and demographic factors.
- 35 (9) Incorporates factors impacting a unit's fiscal health, including changes in
36 population, tax base, and business and economic indicators.

37 **SECTION 36.1.(b)** The Department shall submit an interim report on the
38 implementation of this section no later than December 15, 2021, and a final report and plan by
39 April 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations
40 Committee on General Government and Information Technology, House Appropriations
41 Committee on General Government, and Fiscal Research Division. The reports shall contain any
42 recommendations for legislation deemed appropriate to implement the provisions of this section.

43
44 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**
45 **FIREFIGHTERS' DEATH BENEFITS**

46 **SECTION 36.2.(a)** G.S. 143-166.2 reads as rewritten:

47 **"§ 143-166.2. Definitions.**

48 The following definitions apply in this Article:

- 49 ...
- 50 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

51 ...

e. When the death of a firefighter occurs as a direct and proximate result of any of the following cancers that are occupationally related to firefighting, that firefighter is presumed to have been killed in the line of duty:

1. Mesothelioma.
2. Testicular cancer.
3. ~~Intestinal cancer.~~ Cancer of the small intestine.
4. Esophageal cancer.
5. Oral cavity cancer.
6. Pharynx cancer.

...."

SECTION 36.2.(b) This section is effective when it becomes law and applies to deaths occurring on or after that date.

PART XXXVII. GENERAL GOVERNMENT

GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS

DEPARTMENT OF ADMINISTRATION

SECTION 37.1.(a) G.S. 116D-4 reads as rewritten:

"§ 116D-4. Minority and historically underutilized business participation.

(a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued under this section. The following State agencies shall monitor compliance with this requirement and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government by January 1 of each year on the participation by minority businesses in these projects. The State Construction Office, Department of Administration, shall monitor compliance with regard to projects funded by the proceeds of university improvement general obligation bonds and notes and special obligation bonds and notes; the Board of Governors of The University of North Carolina shall provide the State Construction Office any information required by the State Construction Office to monitor compliance. The Community Colleges System Office shall monitor compliance with regard to projects funded by the proceeds of community college general obligation bonds and notes.

...."

SECTION 37.1.(b) G.S. 143-48 reads as rewritten:

"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors, and women contractors; purpose; required annual reports.

...

(d) The Department of Administration shall collect and compile the data described in this section and report it annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government.

...."

SECTION 37.1.(c) G.S. 143-128.3 reads as rewritten:

"§ 143-128.3. Minority business participation administration.

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

...

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges

1 shall report quarterly and all other public entities shall report semiannually. The Secretary of the
 2 Department of Administration shall make reports every six months to the Joint Legislative
 3 Committee on Governmental Operations and the Joint Legislative Oversight Committee on
 4 General Government on information reported pursuant to this subsection.

5 ...

6 (c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative
 7 Oversight Committee on General Government and other State agencies ways to improve the
 8 effectiveness and efficiency of the State capital facilities development, minority business
 9 participation program and good faith efforts in utilizing minority businesses as set forth in
 10 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
 11 utilization of minority businesses.

12 (d) The Secretary shall appoint an advisory board to develop recommendations to
 13 improve the recruitment and utilization of minority businesses. The Secretary, with the input of
 14 its advisory board, shall review the State's programs for promoting the recruitment and utilization
 15 of minority businesses involved in State capital projects and shall recommend to the ~~General~~
 16 ~~Assembly,~~ Joint Legislative Oversight Committee on General Government, the State
 17 Construction Office, The University of North Carolina, and the community colleges system
 18 changes in the terms and conditions of State laws, rules, and policies that will enhance
 19 opportunities for utilization of minority businesses on these projects. The Secretary shall provide
 20 guidance to these agencies on identifying types of projects likely to attract increased participation
 21 by minority businesses and breaking down or combining elements of work into economically
 22 feasible units to facilitate minority business participation.

23 ...

24 (g) ~~The~~ Annually, on or before September 1, beginning September 1, 2022, the Secretary
 25 shall report findings and recommendations ~~recommendations,~~ as required under this ~~section~~
 26 section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~
 27 June 1, beginning June 1, 2002, and the Joint Legislative Oversight Committee on General
 28 Government and shall post the report findings and recommendations on the Department's
 29 website."

30 **SECTION 37.1.(d)** G.S. 143-341 reads as rewritten:

31 "**§ 143-341. Powers and duties of Department.**

32 The Department of Administration has the following powers and duties:

33 ...

34 (8) General Services:

35 ...

36 i. To establish and operate a central motor fleet and such subsidiary
 37 related facilities as the Secretary may deem necessary, and to that end:

38 ...

39 11. To report annually to the ~~General Assembly~~ Joint Legislative
 40 Oversight Committee on General Government on any rules
 41 adopted, amended or repealed under sub-sub-subdivisions 3.,
 42 7., or 7a. of this sub-subdivision.

43 ...

44 (12) Report on Vehicles Managed. – Beginning on September 1, 2021, and
 45 semiannually thereafter, the Department of Administration shall provide a
 46 report to the Joint Legislative Oversight Committee on General Government
 47 and the Joint Legislative Oversight Committee on Justice and Public Safety
 48 on the status of all motor vehicles managed by the Department of
 49 Administration for the Department of Public Safety. The report shall include
 50 all of the following information:

- 1 a. The number of motor vehicles managed by the Department of
 2 Administration for the Department of Public Safety.
 3 b. The condition of each motor vehicle, including the mileage on each
 4 motor vehicle.
 5 c. The average amount of time taken to repair or replace a motor vehicle.
 6 d. The number and condition of any backup motor vehicles managed by
 7 the Department of Administration and available for use by the
 8 Department of Public Safety, including the location and condition of
 9 each motor vehicle."

10 **SECTION 37.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

11 **SECTION 37.1.(f)** G.S. 143-747 reads as rewritten:

12 "**§ 143-747. Council of Internal Auditing.**

13 ...

14 (c) The Council shall:

15 ...

- 16 (12) ~~Issue an annual report including, but not limited to, No later than November~~
 17 1 of each year, issue a report that shall include, but not be limited to, service
 18 efforts and accomplishments of State agency internal auditors and to propose
 19 proposed legislation for consideration by the Governor and General
 20 Assembly. The annual report shall be prepared by the Office of State Budget
 21 and Management and shall be submitted to the Joint Legislative Oversight
 22 Committee on General Government."

23 **SECTION 37.1.(g)** G.S. 143B-394.16(b) reads as rewritten:

24 "(b) Report. – The Commission shall report its findings and recommendations, including
 25 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight
 26 Committee on General Government no later than April 1 each year."

27 **SECTION 37.1.(h)** G.S. 143B-394.21 is amended by adding a new subsection to
 28 read:

29 "(c) The North Carolina Council for Women shall report on the quarterly distributions of
 30 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs
 31 of the General Government Appropriations Committee within five business days of distribution.
 32 The report shall include the date, amount, and recipients of the fund disbursements. The report
 33 shall also include any eligible programs which are ineligible to receive funding during the relative
 34 reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

35 **SECTION 37.1.(i)** G.S. 143B-409 reads as rewritten:

36 "**§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

37 The Commission shall prepare a written annual report giving an account of its proceedings,
 38 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~
 39 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.
 40 The report will become a matter of public record and will be maintained in the State Historical
 41 Archives. It may also be furnished to such other persons or agencies as the Commission may
 42 deem proper."

43 **SECTION 37.1.(j)** G.S. 143B-410 reads as rewritten:

44 "**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**
 45 **staff.**

46 Fiscal records shall be kept by the Secretary of Administration. The audit report will become
 47 a part of the annual report and will be submitted in accordance with the regulations governing
 48 preparation and submission of the annual report. The Commission shall submit the annual report
 49 to the Joint Legislative Oversight Committee on General Government."

50 **SECTION 37.1.(k)** G.S. 143B-411.2 reads as rewritten:

1 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**
 2 **purpose or creation; powers and duties.**

3 The purpose of the Council is to study on a continuing basis the relationship between the
 4 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of
 5 concern to the State or the Tribe. It shall be the duty of the Council:

- 6 (1) Identify existing and potential conflicts between the State of North Carolina
 7 and the Eastern Band of Cherokee ~~Indians;~~Indians.
 8 (2) Propose State and federal legislation and agreements between the State of
 9 North Carolina and the Cherokee Tribe to resolve existing and potential
 10 ~~conflicts;~~conflicts.
 11 (3) To study and make recommendations concerning any issue referred to the
 12 Council by any official of the Eastern Band of the Cherokee, the State of North
 13 Carolina, or the government of Haywood, Jackson, Swain, Graham, or
 14 Cherokee Counties.
 15 (4) Study other issues of mutual concern to the Eastern Band of the
 16 ~~Cherokee;~~Cherokee.
 17 ~~(5) Make a report with recommendations as needed, but not less often than~~
 18 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~
 19 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~
 20 ~~Cherokee."~~

21 **SECTION 37.1.(I)** The North Carolina Farmworker Council, enacted as Part 26 of
 22 Article 9 of Chapter 143B of the General Statutes, is repealed.

23
 24 **ETHICS COMMISSION**

25 **SECTION 37.2.** G.S. 138A-10 reads as rewritten:

26 **"§ 138A-10. Powers and duties.**

- 27 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:
 28 ...
 29 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight
 30 Committee on General Government and the Governor on the Commission's
 31 activities and generally on the subject of public disclosure, ethics, and
 32 conflicts of interest, including recommendations for administrative and
 33 legislative action, as the Commission deems appropriate.
 34"

35
 36 **OFFICE OF STATE HUMAN RESOURCES**

37 **SECTION 37.3.** G.S. 143-583 reads as rewritten:

38 **"§ 143-583. Model program; technical assistance; reports.**

- 39 ...
 40 (c) Reports. – The Office of State Human Resources shall report annually to the Joint
 41 Legislative Commission on Governmental Operations and the Joint Legislative Oversight
 42 Committee on General Government on the safety, health, and workers' compensation activities
 43 of State agencies, compliance with this Article, and the fines levied against State agencies
 44 pursuant to Article 16 of Chapter 95 of the General Statutes."

45
 46 **OFFICE OF STATE AUDITOR**

47 **SECTION 37.4.** G.S. 147-64.11 reads as rewritten:

48 **"§ 147-64.11. Review of office.**

49 The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems
 50 necessary, or as requested by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight
 51 Committee on General Government, cause to be made a quality review audit of the operations of

1 ~~his~~ the Auditor's office. Such a "peer review" shall be conducted in accordance with standards
2 prescribed by the accounting profession. Upon the recommendation of the Joint Legislative
3 Commission on Governmental ~~Operations—Operations~~, the Auditor may contract with an
4 independent public accountant, qualified management consultant, or other professional person to
5 conduct a financial and compliance, economy and efficiency, and program result audit of the
6 State Auditor."
7

8 OFFICE OF STATE BUDGET AND MANAGEMENT

9 SECTION 37.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by
10 adding a new section to read:

11 "§ 143C-6-13. Results first annual report.

12 By October 1 of each year, the Office of State Budget and Management shall submit an
13 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative
14 Oversight Committee on General Government, and Joint Legislative Program Evaluation
15 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in
16 crafting policy and budget decisions. The report may include recommendations for legislation."

17 SECTION 37.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

18 SECTION 37.5.(c) G.S. 143C-6-23 reads as rewritten:

19 "§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

20 ...

21 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~
22 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall ~~report~~
23 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~
24 ~~Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to
25 comply with this section with respect to grant funds received in the prior fiscal year.

26"

27 SECTION 37.5.(d) G.S. 143-194 is repealed.

29 STATE BOARD OF ELECTIONS

30 SECTION 37.6.(a) G.S. 66-58 reads as rewritten:

31 "§ 66-58. Sale of merchandise or services by governmental units.

32 ...

33 (c) The provisions of subsection (a) of this section shall not prohibit:

34 ...

35 (17) The sale by the State Board of Elections to political committees and candidate
36 committees of computer software designed by or for the State Board of
37 Elections to provide a uniform system of electronic filing of the campaign
38 finance reports required by Article 22A of Chapter 163 of the General Statutes
39 and to facilitate the State Board's monitoring of compliance with that Article.
40 ~~This computer software for electronic filing of campaign finance reports shall~~
41 ~~not exceed a cost of one hundred dollars (\$100.00) to any political committee~~
42 ~~or candidate committee without the State Board of Elections first notifying in~~
43 ~~writing the Joint Legislative Commission on Governmental Operations.~~

44"

45 SECTION 37.6.(b) G.S. 163-165.9 reads as rewritten:

46 "§ 163-165.9. Voting systems: powers and duties of county board of elections.

47 ...

48 (b) After the acquisition of any voting system, the county board of elections shall comply
49 with any requirements of the State Board of Elections regarding training and support of the voting
50 system by completing all of the following:

51 ...

(2) The county board of elections shall annually maintain software license and maintenance agreements necessary to maintain the warranty of its voting system. A county board of elections may employ qualified personnel to maintain a voting system in lieu of entering into maintenance agreements necessary to maintain the warranty of its voting system. State Board of Elections is not required to provide routine maintenance to any county board of elections that does not maintain the warranty of its voting system. If the State Board of Elections provides any maintenance to a county that has not maintained the warranty of its voting system, the county shall reimburse the State for the cost. The State Board of Elections shall ~~annually~~ report annually by January 15 to the House and Senate Committees on Appropriations, to the Fiscal Research Division, to the Joint Legislative Oversight Committee on General Government, and to the Joint Legislative Commission on Governmental Operations on implementation of this subdivision. If requested by the county board of elections, the State Board of Elections may enter into contracts on behalf of that county under this subdivision, but such contracts must also be approved by the county board of elections. Any contract entered into under this subdivision shall be paid from non-State funds. Neither a county nor the State Board of Elections shall enter into any contract with any vendor for software license and maintenance agreements unless the vendor agrees to (i) operate a training program for qualification of county personnel under this subsection with training offered within the State of North Carolina and (ii) not dishonor warranties merely because the county is employing qualified personnel to maintain the voting system as long as the county:"

DEPARTMENT OF INSURANCE

SECTION 37.7.(a) G.S. 58-2-120 reads as rewritten:

"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.

The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~ the Joint Legislative Oversight Committee on General Government any change or changes that in the Commissioner's opinion should be made in the laws relating to insurance and other subjects pertaining to the Department."

SECTION 37.7.(b) G.S. 58-42-45 reads as rewritten:

"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.

...

(b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38, the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~ and to ~~Committee~~, the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint Legislative Oversight Committee on General Government. The Commissioner shall provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or approved by the Commissioner under G.S. 58-42-1(1) or (2)."

SECTION 37.7.(c) G.S. 58-79-20 reads as rewritten:

"§ 58-79-20. Inspection of premises; dangerous material removed.

The Commissioner of Insurance, or the chief of fire department or chief of police where there is no chief of fire department, or the city or county building inspector, electrical inspector, heating inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of examination, to enter into and upon all buildings and premises in their jurisdiction. When any of such officers find in any building or upon any premises overcrowding in violation of occupancy limits established pursuant to the North Carolina State Building Code, combustible material or inflammable conditions dangerous to the safety of such building or premises they shall order the

1 same to be removed or remedied, and this order shall be forthwith complied with by the owner
2 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,
3 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be
4 at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's
5 authority the order of the officer above named is revoked it remains in force and must be forthwith
6 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building
7 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an
8 immediate investigation as to the presence of combustible material or the existence of
9 inflammable conditions in any building or upon any premises under their jurisdiction upon
10 complaint of any person having an interest in such building or premises or property adjacent
11 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and
12 make such inspections alone or in company with the local officer. The Commissioner shall
13 submit annually, as early as consistent with full and accurate preparation, and not later than the
14 first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article,
15 and it shall be embodied in ~~his~~ the report to the General Assembly. Joint Legislative Oversight
16 Committee on General Government."

17 **SECTION 37.7.(d)** G.S. 58-87-1 reads as rewritten:

18 **"§ 58-87-1. Volunteer Fire Department Fund.**

19 ...

20 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~
21 Joint Legislative Oversight Committee on General Government within 60 days after the grants
22 have been made. This report must contain the following:

23"

24 **SECTION 37.7.(e)** G.S. 58-87-5 reads as rewritten:

25 **"§ 58-87-5. Volunteer Rescue/EMS Fund.**

26 ...

27 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~
28 Joint Legislative Oversight Committee on General Government within 60 days after the grants
29 have been made. This report must contain the following:

30"

31 **SECTION 37.7.(f)** G.S. 58-92-15(n) reads as rewritten:

32 "(n) The Commissioner shall review the effectiveness of this section and report every three
33 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government
34 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the
35 effectiveness of this Article. The report and legislative recommendations shall be submitted no
36 later than June 30 following the conclusion of each three-year period."

37 38 **INDUSTRIAL COMMISSION**

39 **SECTION 37.8.(a)** G.S. 97-78 reads as rewritten:

40 **"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,
41 and other staff assistance; annual report.**

42 ...

43 (e) No later than October 1 of each year, the Commission shall publish annually for free
44 distribution a report of the administration of this Article, together with such recommendations as
45 the Commission deems advisable. No later than October 1 of each year, the Commission shall
46 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~
47 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~
48 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~
49 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate
50 Appropriations Committee on General Government and Information Technology, and the House
51 Appropriations Committee on General Government.

1 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the
2 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

3 ...

4 (g) The Commission shall demonstrate its success in implementing its strategic plan
5 under subsection (f) of this section by including all of the following in its annual report under
6 subsection (e) of this section:

7 (1) The total number of claims made during the preceding ~~calendar~~ fiscal year,
8 the total number of claims in which compliance was not timely made, and, for
9 each claim, the date the claim was filed, the date by which compliance was
10 required, the date of actual compliance, and any sanctions or other remedial
11 action imposed by the Commission.

12 (2) The total number of requests for, and disputes involving, medical
13 compensation under G.S. 97-25 in which final disposition was not made
14 within 75 days of the filing of the motion with the Commission, and, for each
15 such request or dispute, the date the motion or other initial pleading was filed,
16 the date on which final disposition was ~~made and, where reasonably~~
17 ~~ascertainable, the date on which any ordered medical treatment was actually~~
18 ~~provided.~~ made."

19 **SECTION 37.8.(b)** G.S. 143-788(b) reads as rewritten:

20 "(b) No later than October 1 of each year, the Section shall publish annually to the Office
21 of the Governor and to the Joint Legislative Commission on Governmental Operations a report
22 of the administration of this Article, together with any recommendations as the Section deems
23 advisable. This report shall include, at a minimum, the number of reports of employee
24 misclassification received, the number of cases referred to each State agency, the number and
25 amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed, and, where~~
26 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies
27 ~~collected, and the number of cases referred to each State agency collected."~~

29 DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

30 **SECTION 37.9.(a)** G.S. 144-9 reads as rewritten:

31 "**§ 144-9. Retirement of a flag of the United States of America or the State of North**
32 **Carolina.**

33 ...

34 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or
35 otherwise damaged flag of the United States of America or the State of North Carolina from a
36 citizen of the State and shall make arrangements for its respectful disposal. The Division shall
37 establish a flag retirement program to encourage citizens to send in or drop off such flags at the
38 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and
39 may establish other locations for flag drop-off as it deems appropriate. The Division shall
40 advertise the flag retirement program on its Web site and by printed posters placed at all flag
41 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~
42 ~~report the number of flags received under the program to the Joint Legislative Committee on~~
43 ~~Governmental Operations.~~

44"

45 **SECTION 37.9.(b)** G.S. 143B-1300(a) reads as rewritten:

46 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of
47 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee
48 on General Government on the activities of the State Veterans Homes Program. This report shall
49 contain an accounting of all monies received and expended, statistics on residents in the homes
50 during the year, recommendations to the Secretary, the Governor, and the General Assembly as
51 to the program, and such other matters as may be deemed pertinent."

1 **SECTION 37.9.(c)** G.S. 143B-1310 reads as rewritten:
2 "**§ 143B-1310. Commission established; purpose; transaction of business.**

3 ...
4 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once
5 during each quarter and shall provide a report on military affairs to the Secretary of Military and
6 Veterans ~~Affairs and to the General Assembly Affairs and the Joint Legislative Oversight~~
7 Committee on General Government at least every six months. Prior to the start of a Regular
8 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~
9 Legislative Oversight Committee on General Government with recommendations, if any, for
10 legislation. Priority actions or issues may be submitted at any time.

11 "

12 **DEPARTMENT OF REVENUE**

13 **SECTION 37.10.** G.S. 105-256 reads as rewritten:
14 "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**
15 **progress.**

16 (a) Publications. – The Secretary shall prepare and publish the following:

17 ...
18 (6)

19 On an annual basis, a report on the quality of services provided to taxpayers
20 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer
21 education. The report must be submitted to the Joint Legislative Commission
22 on Governmental ~~Operations~~Operations and the Joint Legislative Oversight
23 Committee on General Government.

24 ...
25 (8)

26 By ~~January 1 and July 1~~February 15 and August 15 of each year, a semiannual
27 report on the Department's activities listed in this subdivision. The report must
28 be submitted to the Joint Legislative Commission on Governmental
29 ~~Operations~~Operations, to the Joint Legislative Oversight Committee on
30 General Government, and to the Revenue Laws Study Committee.

31 "

32 **SECRETARY OF STATE**

33 **SECTION 37.11.(a)** G.S. 64-1.1 is repealed.

34 **SECTION 37.11.(b)** G.S. 147-54.5 reads as rewritten:

35 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**
36 **use of the Fund.**

37 ...
38 (f)

39 Beginning January 1, 1997, the Department of the Secretary of State shall report
40 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~
41 the Joint Legislative Commission on Governmental ~~Operations~~Operations, and the Joint
42 Legislative Oversight Committee on General Government on the expenditures from the Investor
43 Protection and Education Trust Fund and on the effectiveness of investor awareness education
44 efforts of the Department of the Secretary of State."

45 **DEPARTMENT OF STATE TREASURER**

46 **SECTION 37.12.(a)** G.S. 147-68 reads as rewritten:

47 "**§ 147-68. To receive and disburse moneys; to make reports.**

48 ...
49 (d2)

50 After consulting with the ~~Select Committee on Information Technology and the Joint~~
51 Legislative Commission on Governmental Operations and after consultation with and approval
of the ~~Information Resources Management Commission,~~ the Department of State Treasurer may

1 spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the
2 Department's investment banking operations system, retirement payroll systems, and other
3 information technology infrastructure needs. The Department of State Treasurer shall report by
4 January 1, 2001, and annually thereafter to the following regarding the amount and use of the
5 departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs
6 of the General Government Appropriations Subcommittees of both the House of Representatives
7 and the Senate, and the Joint Legislative Committee on Information Technology.

8"

9 **SECTION 37.12.(b)** G.S. 147-69.2A reads as rewritten:

10 **"§ 147-69.2A. Investments; special funds held by the State Treasurer.**

11 ...

12 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer
13 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any
14 applicable provisions of the General Statutes protecting confidential information.

15 The State Treasurer and the Governor shall jointly develop and adopt an investment policy
16 statement for the Fund.

17 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts
18 of interests such that (i) the designees of the State Treasurer and Governor who selected the
19 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,
20 and (iii) the third-party investment management firm's employees selecting or overseeing Fund
21 investments do not provide services for compensation (as an employee, consultant, or otherwise),
22 within two years after the end of their service to the Fund, to any entity in which an investment
23 from the Fund was made.

24 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~
25 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~
26 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~
27 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~
28 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

29"

30 **SECTION 37.12.(c)** G.S. 147-69.12 reads as rewritten:

31 **"§ 147-69.12. Reporting on the State Treasurer's investment programs.**

32 (a) No later than the tenth day of February, May, August, and November of each year,
33 the State Treasurer shall report on all investments for which the State Treasurer is in any way
34 ~~responsible.~~ responsible, including investments made from the Escheat Fund and return on
35 investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu
36 of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each
37 of the following:

38 ...

39 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~
40 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,
41 with a summary of the receipts and payments of the treasury during the preceding fiscal year,
42 and so far as practicable an account of the same down to the termination of the current calendar
43 year.

44"

45 **SECTION 37.12.(d)** G.S. 147-86.45 is repealed.

46 **SECTION 37.12.(e)** G.S. 147-86.62 is repealed.

47 **SECTION 37.12.(f)** G.S. 147-86.84 is repealed.

48 **SECTION 37.13.** This Part is effective when this act becomes law and applies to
49 reports submitted on or after that date.

50
51 **PART XXXVIII. INFORMATION TECHNOLOGY**

DIT/GREAT ACT CHANGES

SECTION 38.1. G.S. 143B-1373 reads as rewritten:

"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.

(a) As used in this section, the following definitions apply:

...

(5) Eligible economically distressed ~~county-area~~. – A county designated as a development tier one or tier two area, as defined in ~~G.S. 143B-473.08~~ G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127(a)(2), located in any other county.

(6) Eligible project. – An eligible project is a discrete and specific project located in an unserved economically distressed area ~~of an economically distressed county~~ seeking to provide broadband service to homes, businesses, and community anchor points not currently served. Eligible projects do not include middle mile, backhaul, and other similar projects not directed at broadband service to end users. If a contiguous project area crosses from one eligible county into one or more eligible adjacent counties, for the purposes of this section, the project shall be deemed to be located in the county where the greatest number of unserved households are proposed to be served. ~~To qualify for an award under this section, no more than an incidental number of households or businesses, not to exceed ten percent (10%) of the total households or businesses within the boundaries of the project area submitted by the applicant, may have terrestrially deployed Internet access service with transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

...

(14) Unserved area. – A designated geographic area that is presently without access to broadband service, as defined in this section, offered by a wireline or fixed wireless provider. Areas where a private provider has been designated to receive funds through other ~~State-State-~~ or federally funded programs designed specifically for broadband deployment shall be considered served if such funding is intended to result in construction of broadband in the area within ~~18 months~~ months or for the duration of the federal funding program for that area, or if the funding recipient is otherwise in good standing with the funding agency's regulations governing the funding program.

...

(c) ~~Project areas comprised of census blocks, or portions thereof, within which a broadband provider is receiving matching funds to deploy broadband service within the next 18 months are ineligible for the GREAT program. It is essential for the Office to know the location of census blocks, or portions thereof, comprising these areas so it can determine project eligibility. A private provider receiving Universal Service or Connect America Phase II, or nonfederal State or federal funds to deploy broadband service in unserved areas may qualify such area for protection by submitting within 60 days of the application period a listing of the census blocks, or portions thereof, comprising the State- or federally funded project areas meeting this requirement and nothing more to in a manner prescribed by the Office. In future program years, the cutoff date for submitting this census block data shall be established by the Office, but shall be not less than 60 days prior to the beginning date of the application period. This will enable the office to update maps and advise applicants as to the unserved areas of the State that are eligible for consideration in that program year. The Office shall only utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the part of a provider to submit the listing of census blocks by the cutoff date shall result in those areas being eligible for inclusion under this program during the upcoming subsequent program~~

1 ~~year-years.~~ The Office shall use the census block data provided only for mapping of unserved
2 areas. ~~Upon expiration of the 18-month reservation period described in this subsection, A project~~
3 ~~area shall remain protected for a period of 18 months from the submission of the listing~~
4 ~~information required under this subsection; provided, however, a private provider that has~~
5 ~~received a reservation of census blocks protection for a project area shall submit written~~
6 ~~documentation by April 30 of the year following the program year that broadband deployment~~
7 ~~has begun or been completed-completed, or is otherwise in good standing, in the census blocks,~~
8 ~~or portions thereof, that have been deemed ineligible by the Office due to the existence of a~~
9 ~~federally funded project area under this subsection. Upon submission of documentation~~
10 ~~satisfactory to the Office, a protected project area shall remain protected until project completion.~~
11 ~~A project area where a private provider has forfeited or otherwise defaulted on an agreement in~~
12 ~~connection with receipt of funds to deploy broadband service shall be eligible for inclusion in~~
13 ~~this program in subsequent program years. Information provided to the Office pursuant to this~~
14 ~~subsection is not a public record, as that term is defined in G.S. 132-1.~~

15 ...

16 (d1) An application submitted pursuant to this section shall include a project area map that
17 provides location-specific data in a format required by the Office. A provider submitting an
18 application pursuant to this section shall bear the burden of proof that the proposed area to be
19 served can, in fact, be served using the proposed technology. The burden of proof may be
20 satisfied by the submission of data, maps, and any other information satisfactory to the Office,
21 demonstrating that the area and number of prospective broadband recipients proposed to be
22 served can be provided the minimum upload and download speeds indicated in the application.

23 (e) Applications shall be made publicly available by posting on the Web site of the
24 Department of Information Technology for a period of at least ~~30-20~~ days prior to award. During
25 the ~~30-day-20-day~~ period, any interested party may submit comments to the Secretary concerning
26 any pending application. A broadband service provider of broadband services currently providing
27 broadband service in a project area proposed in an application may submit a protest of any
28 application on the grounds the proposed project covers an area that is not an eligible-a protected
29 area under subsection (c) of this section-section, or that the proposed project area contains ten
30 percent (10%) or more of total households with access to broadband service as defined in this
31 section. Protests shall be submitted in writing, accompanied by all credible and relevant
32 supporting documentation, and-including specific addresses, and detailed mapping
33 demonstrating that the protesting broadband provider has installed infrastructure sufficient to
34 provide broadband service to the specific addresses provided in the protest, along with an
35 attestation that broadband service is available in the public right-of-way at the specific addresses
36 indicated. The protest shall be considered by the Office in connection with the review of the
37 application. Upon submission of evidence satisfactory to the Office that the proposed project area
38 includes a protected area or prospective broadband recipients that are presently served, as
39 measured using a methodology satisfactory to the Office, the Office may work with an applicant
40 to amend an application to reduce the number of unserved prospective broadband recipients in
41 the project area to reflect an accurate level of current broadband service. The Office may revise
42 application scores in accordance with amended applications; however, the Office may reject any
43 amended application resulting in a lower application score to the extent that the lower score
44 would have impacted the ranking of the application in the initial scoring process. For applications
45 with filed protests, the Secretary shall issue a written decision to the protesting party at least 15
46 days prior to the approval of that application. Following a protest that is granted for a portion of
47 the application, the Office may release to an applicant the locations or areas declared ineligible.
48 The information released to the applicant is not a public record, as that term is defined under
49 G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the
50 information in the protest is accurate and that the protest is submitted in good faith. The Office
51 may deny any protest or application that contains inaccurate information.

1 As a means of resolving a protest, the Office may utilize speed tests to determine if the
 2 protested area or individual households or businesses currently have access to broadband service
 3 as defined in this section. The Department shall publish the speed test methodology it uses to
 4 assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized
 5 and the manner by which the speed tests are applied shall be made by the Secretary or the
 6 Secretary's designee.

7 ...

8 (g) Applications shall be scored based upon a system that awards a single point for criteria
 9 considered to be the minimum level for the provision of broadband service with additional points
 10 awarded to criteria that exceed minimum levels. The Office shall score project applications in
 11 accordance with the following:

12 (1) Partnership. – Projects ~~involving proposing a partnership~~ shall be given points
 13 in their application score. A proposed partnership shall (i) be in writing, (ii)
 14 provide the specific terms and conditions of the partnership, and (iii) be signed
 15 and attested to by the parties. A county or nonprofit may enter into proposed
 16 agreements with more than one applicant. For the purposes of scoring under
 17 this subdivision, a county that provides a portion of the match required by this
 18 section or that has entered into an agreement with the applicant to one point
 19 shall be given for a proposed partnership that will make available its existing
 20 infrastructure that has been installed for the county's partner's enterprise,
 21 nonconsumer broadband purposes, or any other property, buildings, or
 22 structures owned by the county, partner, for a proposed project under this
 23 section shall be considered a partnership section. A county may provide a
 24 portion of the or nonprofit entity that proposes to provide a financial match
 25 required by this section pursuant to G.S. 153A-349.60. Projects involving
 26 partnerships shall be given six points in their application score. shall be given
 27 one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes,
 28 or any provision of law to the contrary, a county may use unrestricted general
 29 funds or federal funding allocated to it for the purpose of improving
 30 broadband infrastructure for a financial match. Funds received from the
 31 federal American Rescue Plan Act (P.L. 117-2) may not be used for the
 32 purposes of this subdivision. Nothing in this subdivision shall be deemed to
 33 authorize a county to provide broadband service.

34 ...

35 (5) Cost per household or business. – The Office shall give additional points to
 36 projects that minimize the infrastructure cost of the proposed project per
 37 household or business, based upon information available to the Office. Points
 38 shall be given to projects based upon the estimated cost per household or
 39 business as follows:

40 a. For projects proposed in the Piedmont or Coastal Plain Regions:

Est. Cost per Household/Business	Partnership Using Infrastructure	Private Provider Only Points
Up to \$1,700	\$3,500 4	9
\$1,701 - 2,200	\$3,500, up to \$5,000 3	8
\$2,201 - 2,700	\$5,000, up to \$6,000 2	7
\$2,701 - 3,200	\$6,000 and over 1	6

41 b. For projects located in the Mountain Region:

Est. Cost per Household/Business	Partnership Using Infrastructure	Private Provider Only Points
Up to \$2,500	\$4,500 4	9
\$2,501 - 3,300	\$4,500, up to \$6,000 3	8

1	\$3,301–3,800	\$6,000, up to \$7,000	2	7
2	\$3,801–4,300	\$7,000 and over	4	60
3	(6)	Base speed multiplier. – Projects that will provide minimum download and		
4		minimum upload speeds shall have the aggregate points given under		
5		subdivisions (1) through (5) of this subsection multiplied by a factor at the		
6		level indicated in the table below:		
7		Minimum Download:		
8		Minimum Upload	Score Multiplier	
9	25:3 Mbps. Up	<u>Up to 100:10 Mbps.</u>	1.35	
10		100:10 Mbps. up to 200:20 Mbps.	1.75	
11		200:20 Mbps. or greater.	2.00	
12		<u>100 Mbps., symmetrical.</u>	<u>3.00</u>	
13		<u>Greater than 100:100 Mbps.</u>	<u>4.00</u>	
14	...			

15 (i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive
 16 priority status for the awarding of grants pursuant this section. As a means of breaking a tie for
 17 applications receiving the same score, the Office shall give priority to the application proposing
 18 to serve the highest number of new households at the lowest cost per household or business.
 19 Applicants awarded grants pursuant to this section shall enter into an agreement with the Office.
 20 The agreement shall contain all of the elements outlined in subsection (d) of this section and any
 21 other provisions the Office may require. The agreement shall contain a provision governing the
 22 time line and minimum requirements and thresholds for disbursement of grant funds measured
 23 by the progress of the project. For projects where the application includes a proposed partnership,
 24 the agreement shall contain a provision requiring a certification of the existence of the partnership
 25 prior to disbursement of grant funds. Grant funds shall be disbursed only upon verification by
 26 the Office that the terms of the agreement have been fulfilled according to the progress milestones
 27 contained in the agreement. At project completion, the grant recipient shall certify and provide
 28 to the Office evidence consistent with Federal Communications Commission attestation that
 29 either speeds greater than those identified in the application guidelines or the proposed upstream
 30 and downstream broadband speeds identified in the application guidelines, and for which a base
 31 speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are
 32 available throughout the project area prior to any end user connections. A single grant award
 33 shall not exceed ~~two~~ four million dollars ~~(\$2,000,000).~~ No more than one grant may be awarded
 34 per fiscal year for a project in any one eligible economically distressed county; except that if
 35 (\$4,000,000). No combination of grant awards under this section involving any single county
 36 may exceed eight million dollars (\$8,000,000) in a fiscal year. If funds remain available after all
 37 top scoring projects have been awarded a grant, then the next highest scoring projects may be
 38 awarded a grant even if the project is located in a county where a grant has been awarded in that
 39 fiscal year provided the total award associated with that county does not exceed ~~two~~ eight million
 40 dollars ~~(\$2,000,000)~~ (\$8,000,000) in that fiscal year.

41 No more than one-half of the funds appropriated to the fund established in subsection (b) of
 42 this section shall be disbursed for eligible projects located in a development tier two or tier three
 43 county. If the Office has not received enough grant applications for projects located in a
 44 development tier one county to disburse one-half of the funds appropriated to the fund established
 45 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any
 46 unencumbered funds in the fund for eligible projects located in a development tier two or tier
 47 three county.

48 Any project that is applied for and not funded in an award round under this section shall be
 49 eligible for funding under the Completing Access to Broadband program pursuant to
 50 G.S. 143B-1373.1.

(j) Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	55% 50%
Greater than 12.0 points, but less than 17.5 points	50% 45%
17.5 points, up to 22.0 points	45% 40%
Greater than 22.0 points	35% 30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding including funds from other grant programs. Funds from the Universal Service Fund shall not be used for any portion of the required matching funds. Any other current or future federal funds may be used, including any future phase of the Connect America Fund, for the required matching funds within the parameters of this program.

...
 (p) The Department may use up to one percent (1.0%) of ~~the State funds~~ appropriated funds each fiscal year to administer the GREAT program program established under this section."

INTERNAL SERVICE FUND RATE SUBMISSION

SECTION 38.2. G.S. 143B-1333 reads as rewritten:

"§ 143B-1333. Internal Service Fund.

(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services. The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be approved by the Office of State Budget and Management~~ and submitted by the Department to the Office of State Budget and Management and Fiscal Research Division on the date agreed upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly.

(b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget and Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized."

CYBERSECURITY REPORTING

SECTION 38.3.(a) The Department of Information Technology shall develop a plan for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the Department shall include the following:

- (1) A summary of all cybersecurity funds received and how those funds have been and will be utilized.
- (2) The scope of activities and services planned to (i) prevent cybersecurity incidents and significant cybersecurity incidents in the State and (ii) mitigate

1 and address cybersecurity incidents and significant cybersecurity incidents
2 that have occurred.

- 3 (3) Potential funding, partnerships, and other resources available to the
4 Department to assist in its role of preventing, mitigating, and addressing
5 cybersecurity issues in the State.

6 **SECTION 38.3.(b)** The Department shall submit the cybersecurity plan outlined in
7 this section to the Joint Legislative Oversight Committee on Information Technology and the
8 Fiscal Research Division on or before October 1, 2021.

9
10 **STATE RECOVERY FUNDS/BROADBAND GRANTS**

11 **SECTION 38.4.(a)** Of the funds appropriated in this act from the State Fiscal
12 Recovery Fund to the Department of Information Technology for broadband infrastructure
13 grants, and in accordance with applicable federal guidelines, the Department of Information
14 Technology shall administer broadband infrastructure grants through the Growing Rural
15 Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be
16 submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of
17 the following:

- 18 (1) The definition of "eligible economically distressed county" in
19 G.S. 143B-1373(a) shall mean a county designated as a development tier one
20 or tier two area, as defined in G.S. 143B-437.08, or a rural census tract, as
21 defined in G.S. 143B-472.127(a)(2), located in any other county. For the
22 purposes of this subdivision, the tier designation that is in effect as of the
23 beginning of a fiscal year shall be applied for all grants awarded for that fiscal
24 year. With the exception of funds expended under this section or under
25 G.S. 143B-1373.1, as enacted by Section 38.6(a) of this act, a county that has
26 utilized federal funding for broadband infrastructure on or after May 1, 2021,
27 shall be ineligible.
- 28 (2) The definition of "eligible project" in G.S. 143B-1373(a) shall be a discrete
29 and specific project located in an unserved economically distressed area
30 seeking to provide broadband service to homes, businesses, and community
31 anchor points not currently served. Eligible projects do not include middle
32 mile, backhaul, and other similar projects not directed at broadband
33 service-to-end users. If a contiguous project area crosses from one eligible
34 county into one or more eligible adjacent counties, for the purposes of this
35 section, the project shall be deemed to be located in the county where the
36 greatest number of unserved households are proposed to be served.
- 37 (3) The financial contribution restrictions for partnerships in
38 G.S. 143B-1373(a)(11a) are removed.
- 39 (4) The definition of "unserved area" in G.S. 143B-1373(a) shall be a designated
40 geographic area that is presently without access to broadband service, as
41 defined in G.S. 143B-1373(a), or where internet access service does not meet
42 the definition of broadband service. Areas where a private provider has been
43 designated to receive funds through other State- or federally funded programs
44 designed specifically for broadband deployment shall be considered served if
45 such funding is intended to result in construction of broadband in the area
46 within 18 months or for the duration of the federal funding program for that
47 area or if the funding recipient is otherwise in good standing with the funding
48 agency's regulations governing the funding program.
- 49 (5) The provisions of G.S. 143B-1373(c) are replaced with the following:
50 A private provider receiving State or federal funds to deploy broadband
51 service in unserved areas may qualify such area for protection by submitting

1 a listing of the census blocks, or portions thereof, comprising the State-
2 federally funded project areas in a manner prescribed by the Office. The
3 Office shall only utilize this data to update maps of census blocks to reflect
4 these census blocks, or portions thereof, as being served. Failure on the part
5 of a provider to submit the listing of census blocks by the cutoff date shall
6 result in those areas being eligible for inclusion under the G.R.E.A.T. grant
7 program during subsequent program years. The Office shall use the census
8 block data provided only for mapping of unserved areas. A project area shall
9 remain protected for a period of 18 months from the submission of the listing
10 information required under this subdivision; provided, however, a private
11 provider that has received protection for a project area shall submit written
12 documentation by April 30 of the year following the program year that
13 broadband deployment has begun, been completed, or is otherwise in good
14 standing, in the census blocks, or portions thereof, that have been deemed
15 ineligible by the Office under this subsection. Upon submission of
16 documentation satisfactory to the Office, a protected project area shall remain
17 protected until project completion. A project area where a private provider has
18 forfeited or otherwise defaulted on an agreement in connection with receipt of
19 funds to deploy broadband service shall be eligible for inclusion in this
20 program in subsequent program years. Information provided to the Office
21 pursuant to this subdivision is not a public record, as that term is defined in
22 G.S. 132-1.

23 (6) The provisions of G.S. 143B-1373(d1) are replaced with the following:

24 An application submitted pursuant to this section shall include a project area
25 map that provides location-specific data in a format required by the Office. A
26 provider submitting an application pursuant to this section shall bear the
27 burden of proof that the proposed area to be served can, in fact, be served
28 using the proposed technology. The burden of proof may be satisfied by the
29 submission of data, maps, and any other information satisfactory to the Office
30 demonstrating that the area and number of prospective broadband recipients
31 proposed to be served can be provided the minimum upload and download
32 speeds indicated in the application.

33 (7) The provisions in G.S. 143B-1373(e) are replaced with the following:

34 Applications shall be made publicly available by posting on the website of the
35 Department of Information Technology for a period of at least 20 days prior
36 to award. During the 20-day period, any interested party may submit
37 comments to the Secretary concerning any pending application. A broadband
38 service provider currently providing broadband service in a project area
39 proposed in an application may submit a protest of any application on the
40 grounds the proposed project covers an area that is a protected area under
41 subsection (c) of this section or that the proposed project area contains ten
42 percent (10%) or more of total households with access to broadband service
43 as defined in this section. Protests shall be submitted in writing, accompanied
44 by all credible and relevant supporting documentation, including specific
45 addresses, and detailed mapping demonstrating that the protesting broadband
46 provider has installed infrastructure sufficient to provide broadband service to
47 the specific addresses provided in the protest, along with an attestation that
48 broadband service is available to the exterior of the structure at the specific
49 addresses indicated. The protest shall be considered by the Office in
50 connection with the review of the application. Upon submission of evidence
51 satisfactory to the Office that the proposed project area includes a protected

1 area or prospective broadband recipients that are presently served, as
2 measured using a methodology satisfactory to the Office, the Office may work
3 with an applicant to amend an application to reduce the number of unserved
4 prospective broadband recipients in the project area to reflect an accurate level
5 of current broadband service. The Office may revise application scores in
6 accordance with amended applications; however, the Office may reject any
7 amended application resulting in a lower application score to the extent that
8 the lower score would have impacted the ranking of the application in the
9 initial scoring process. For applications with filed protests, the Secretary shall
10 issue a written decision to the protesting party at least 15 days prior to the
11 approval of that application. Following a protest that is granted for a portion
12 of the application, the Office may release to an applicant the locations or areas
13 declared ineligible. The information released to the applicant is not a public
14 record, as that term is defined under G.S. 132-1, and shall remain confidential.
15 Any provider submitting a protest shall verify that the information in the
16 protest is accurate and that the protest is submitted in good faith. The Office
17 may deny any protest or application that contains inaccurate information.

18 As a means of resolving a protest, the Office may utilize speed tests to
19 determine if the protested area or individual households or businesses
20 currently have access to broadband service as defined in this section. The
21 Department shall publish the speed test methodology it uses to assess speed
22 levels pursuant to this section. All decisions regarding the speed test to be
23 utilized and the manner by which the speed tests are applied shall be made by
24 the Secretary or the Secretary's designee.

- 25 (8) The partnership scoring provision in G.S. 143B-1373(g)(1) is replaced with
26 the following:

27 Projects proposing a partnership shall be given points in their application
28 score. A proposed partnership shall (i) be in writing, (ii) provide the specific
29 terms and conditions of the partnership, and (iii) be signed and attested to by
30 the parties. A county or nonprofit may enter into proposed agreements with
31 more than one applicant. For the purposes of scoring under this subdivision,
32 one point shall be given for a proposed partnership that will make available
33 existing infrastructure that has been installed for the partner's enterprise,
34 nonconsumer broadband purposes, or any other property, buildings, or
35 structures owned by the partner, for a proposed project under this section. A
36 county or nonprofit entity that proposes to provide a financial match shall be
37 given one point. Notwithstanding Article 8 of Chapter 143 of the General
38 Statutes, or any provision of law to the contrary, a county may use unrestricted
39 general funds or federal American Rescue Plan Act (P.L. 117-1) funds
40 allocated to it for the purpose of improving broadband infrastructure for a
41 financial match. An applicant shall receive two additional points for a
42 proposed partnership where the county's financial match is comprised entirely
43 from federal American Rescue Plan Act (P.L. 117-2) funds intended for
44 broadband infrastructure. Nothing in this subdivision shall be deemed to
45 authorize a county to provide broadband service. For projects where the
46 application includes a proposed partnership, the agreement shall contain a
47 provision requiring a certification of the existence of the partnership prior to
48 disbursement of grant funds.

- 49 (9) The scoring model measures contained in G.S. 143B-1373(g)(5) are replaced
50 with the following:

51 a. For projects proposed in the Piedmont or Coastal Plain Regions:

1	Est. Cost per	
2	Household/Business	Points
3	Up to \$3,500	9
4	\$3,500, up to \$5,000	8
5	\$5,000, up to \$6,000	7
6	\$6,000 and over	0

b. For projects located in the Mountain Region:

8	Est. Cost per	
9	Household/Business	Points
10	Up to \$4,500	9
11	\$4,500, up to \$6,000	8
12	\$6,000, up to \$7,000	7
13	\$7,000 and over	0

(10) The base speed multiplier provided in G.S. 143B-1373(g)(6) shall be administered as follows:

Minimum Download:

Minimum Upload

Score Multiplier

18	100:20 Mbps. or greater.	1.00
19	100 Mbps., symmetrical	2.00
20	Greater than 100:100 Mbps.	3.00

An applicant proposing minimum download and minimum upload speeds of less than 100 Mbps., symmetrical, shall provide an attestation to the Office that, upon project completion, the completed infrastructure will be scalable to a minimum of 100 Mbps. download and 100 Mbps. upload on or before December 31, 2026, subject to the return of all federal American Rescue Plan Act (P.L. 117-2) funds received under this section and all of the grant forfeiture provisions in G.S. 143B-1373(l).

(11) Additional points shall be awarded to counties providing a portion of a project's matching funds entirely from federal American Rescue Plan Act (P.L. 117-2) funds the county received directly from the federal government. For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score:

34	County Match	Points
35	\$1,000,000, up to \$2,000,000	1
36	\$2,000,000, up to \$4,000,000	2
37	\$4,000,000, up to \$6,000,000	3
38	\$6,000,000, up to \$8,000,000	4
39	\$8,000,000, or greater	5

For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117-2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with any other unrestricted general fund monies, if needed, the following points shall be added to the application score:

46	County Match	Points
47	\$250,000, up to \$6,000,000	6
48	\$6,000,000, up to \$8,000,000	7

(12) The grant limitation amounts in G.S. 143B-1373(i) are changed as follows: A single grant award shall not exceed four million dollars (\$4,000,000). No combination of grant awards involving any single county may exceed eight

million dollars (\$8,000,000) in a fiscal year. Any project that is applied for and not funded in an award round under this section shall be eligible for funding under the Completing Access to Broadband program pursuant to G.S. 143B-1373.1.

(13) The provisions of G.S. 143B-1373(j) are replaced with the following:

Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of twenty-five percent (25%). A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is entirely comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of fifteen percent (15%).

SECTION 38.4.(b) The Department of Information Technology shall utilize a portion of the administrative funds authorized in this Part for legal and appraisal services needed to assist the Department of Administration in administering the provisions of G.S. 146-29.2(b1). The Department of Administration shall utilize all available resources to prioritize the review and disposition of requests for collocation, installation, and operation of equipment for broadband providers receiving grants under this Part.

COMPLETING ACCESS TO BROADBAND PROGRAM

SECTION 38.6.(a) Article 15 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-1373.1. Completing Access to Broadband program.

(a) As used in this section, the following definitions apply:

- (1) Broadband service. – Terrestrially deployed internet access service with transmission speeds of at least 25 megabits per second (Mbps) download and at least 3 megabits per second upload (25:3).
- (2) Department. – The Department of Information Technology.
- (3) Eligible area. – An area that is unserved or underserved in a county. A county that has utilized federal funding for broadband infrastructure projects on or after May 1, 2021, is not eligible.
- (4) Office. – The Broadband Infrastructure Office within the Department of Information Technology.
- (5) Project area. – An eligible area that is jointly determined by a requesting county and the Broadband Infrastructure Office within the Department of Information Technology as requiring project funding under this section to further complete the deployment of broadband service in the county.

1 (6) Unserved or underserved. – A location within a county that has no deployment
2 of broadband service or that has internet access service that does not meet the
3 definition of broadband service. Areas where a private provider has been
4 designated to receive funds through other State- or federally funded programs
5 designed specifically for broadband deployment shall be considered served if
6 such funding is intended to result in construction of broadband in the area
7 within 18 months or for the duration of the federal funding program for that
8 area, or if the funding recipient is otherwise in good standing with the funding
9 agency's regulations governing the funding program.

10 (b) The Completing Access to Broadband Fund (CAB Fund) is established as a special
11 revenue fund in the Department of Information Technology. The Secretary may award grants
12 from the CAB Fund projects meeting the criteria established under this section. State funds
13 appropriated to this Fund shall be considered an information technology project within the
14 meaning of G.S. 143C-1-2. The Office shall establish procedures in accordance with this section
15 that allow every county in the State to participate in the Completing Access to Broadband
16 program. Monies awarded from the CAB Fund shall be used for infrastructure and infrastructure
17 costs, as those terms are defined in G.S. 143B-1373(a). The State shall not be obligated for funds
18 committed for project costs from the CAB Fund in excess of those sums appropriated by the
19 General Assembly to the CAB Fund.

20 (c) In collaboration with the Broadband Infrastructure Office, a county may request
21 funding under this section for either a defined eligible project area that is mutually identified by
22 the county and the Office or for a project that was not awarded a grant in the most recent round
23 of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process
24 requirements in this subsection. In selecting project areas to receive funding, the Office shall give
25 priority to eligible areas that a county has requested funding for based upon utilizing the Office's
26 Community Broadband Planning Playbook and those counties that meet the criteria established
27 in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this
28 Article to develop competitive bid processes for the procurement of the construction, installation,
29 and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the
30 General Statutes, or any other provision of law to the contrary, the Department may delegate to
31 a county the authority to select a provider for the project area in accordance with Part 4 of this
32 Article. The Department shall reserve the authority to approve the selection of a county pursuant
33 to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall
34 utilize customizable forms and procedures developed by the Department for the purposes of this
35 subsection. Selections made pursuant to this subsection are not subject to the Department's
36 administrative review authority under Article 3A of Chapter 150B of the General Statutes or the
37 Department's administrative rules regarding information technology bid protests and contested
38 case procedures. Selection of project areas shall be subject to the protections provided in
39 G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted
40 on the Department's website for a period of at least 10 days. Upon submission of credible
41 evidence, a broadband service provider may request a project scope adjustment to the Office in
42 accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the
43 broadband service provider is credible, the Office shall work with the county to amend the scope
44 of the project. The Office shall develop and administer any agreement entered into pursuant to
45 this section. Nothing in this subsection shall be deemed to grant authority for a county to own,
46 operate, or otherwise control broadband infrastructure contracted for under this section.

47 (d) A broadband service provider selected for a project under this section may provide
48 up to thirty percent (30%) of the total estimated project cost. The Office may commit up to
49 thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The
50 county requesting the project shall be responsible for at least thirty-five percent (35%) of the total
51 estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or

1 nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to
 2 fund a project, a county may increase its share of the total estimated project cost, or the Office
 3 may adjust the scope of the project to meet the level of available funding. No county may receive
 4 more than four million dollars (\$4,000,000) in aggregate funding from the CAB Fund in any
 5 single fiscal year.

6 (e) Notwithstanding the project cost responsibility allocations in subsection (d) of this
 7 section, for a county receiving from the federal government less than an aggregate of eight
 8 million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a
 9 broadband service provider selected for a project shall provide not less than fifteen percent (15%)
 10 of the total estimated project cost. If a broadband service provider provides more than fifteen
 11 percent (15%) of the total estimated project cost, the State and county cost responsibilities shall
 12 be equally apportioned. The following cost responsibility allocations for counties meeting the
 13 requirements of this subsection and the State apply:

<u>Direct Federal Funds Received</u>	<u>County Responsibility</u>	<u>State Responsibility</u>
<u>\$250,000, up to \$4,000,000</u>	<u>5%, minimum</u>	<u>Up to 80%</u>
<u>\$4,000,000, up to \$8,000,000</u>	<u>10%, minimum</u>	<u>Up to 75%</u>

17 (f) A broadband service provider selected for a project under this section shall enter into
 18 an agreement with the Office that shall include the project description, time lines, benchmarks,
 19 proposed broadband speeds, and any other information and documentation the Office deems
 20 necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of
 21 American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall
 22 provide its portion of the total estimated project costs to the Office to be combined with CAB
 23 Funds awarded for the project and placed in a separate project account. The Office shall provide
 24 project oversight and, upon completion of established benchmarks in the project agreement, the
 25 Office shall disburse funds from the project account to the broadband service provider. The
 26 forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this
 27 section."

28 **SECTION 38.6.(b)** The Department may use up to ninety million dollars
 29 (\$90,000,000) of State Fiscal Recovery Funds appropriated to the Completing Access to
 30 Broadband Fund in this act to provide grants to internet service providers, local government
 31 entities, and nonprofits for the provision and installation of infrastructure, as that term is defined
 32 in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and
 33 underserved households in this State. The Department shall ensure that grant funds are awarded
 34 and utilized in compliance with applicable federal guidelines.

36 **EXPANSION OF THE G.R.E.A.T. PROGRAM FOR FIXED WIRELESS AND**
 37 **SATELLITE BROADBAND GRANTS**

38 **SECTION 38.7.(a)** Article 15 of Chapter 143B of the General Statutes is amended
 39 by adding a new section to read:

40 **"§ 143B-1373.1. G.R.E.A.T. program fixed wireless and satellite broadband grants.**

41 (a) The following definitions apply in this section:

42 (1) Broadband service. – Internet access service provided by low-orbit
 43 geostationary satellites or fixed wireless networks with (i) a latency of 500
 44 milliseconds or less and (ii) transmission speeds that are equal to or greater
 45 than the requirements for the minimum performance tier, as provided by the
 46 Federal Communications Commission in Paragraph 39 of the report and order
 47 adopted January 30, 2020, and released February 7, 2020.

48 (2) Equipment. – The antenna and any necessary hardware provided by a
 49 broadband service provider to a subscriber that enables the subscriber to
 50 connect to the broadband service. The term does not include a modem.

- 1 (3) Fixed wireless provider. – A broadband service provider that provides internet
2 access to a subscriber via fixed antenna that receives a radio link from the
3 provider's network to the subscriber.
4 (4) Grantee. – A broadband provider that has been awarded a grant pursuant to
5 this section.
6 (5) Office. – The Broadband Infrastructure Office in the Department of
7 Information Technology.
8 (6) Satellite broadband provider. – A broadband service provider that provides
9 Internet access directly to consumers via satellite technology.
10 (7) Secretary. – The Secretary of the Department of Information Technology.
11 (8) Unserved household. – A household located in this State that does not have
12 access to broadband service from a wireline or wireless service provider. A
13 household that is included in an area where a grant from the Growing Rural
14 Economies with Access to Technology (GREAT) program pursuant to
15 G.S. 143B-1373 has been awarded is not eligible for a grant under this section.

16 (b) Applications for grants will be submitted at times designated by and on forms
17 prescribed by the Secretary. Notwithstanding any other provision of law, if the Secretary deems
18 some of the information in an application to contain proprietary information, the Secretary may
19 provide that such information is not a public record, as that term is defined in G.S. 132-1, subject
20 to public records or other laws requiring the disclosure of such information and have that portion
21 of the application redacted. An application shall include, at a minimum, the following
22 information:

- 23 (1) The identity of the applicant.
24 (2) The specific address of the subscriber.
25 (3) A description of the services provided, including the upstream and
26 downstream broadband speeds delivered, latency metrics, and any applicable
27 data caps. Any applicant proposing a data cap below 150 Gigabytes of usage
28 per month shall also provide justification to the satisfaction of the Office that
29 the proposed cap is in the public interest and consistent with industry
30 standards.
31 (4) The cost to be charged to the unserved household for the equipment needed to
32 connect to the broadband service for the next two years.
33 (5) Evidence of a contract with the subscriber, including the amount charged for
34 the equipment and the installation of the equipment, necessary for providing
35 broadband service to the subscriber.
36 (6) The terms and conditions imposed upon the subscriber, including restrictions
37 on use and possession of equipment used for broadband service connection.
38 (7) Any other information or supplementary documentation requested by the
39 Office.

40 (c) The Office shall determine eligibility for a grant pursuant to this section based upon
41 the information provided in the application of a broadband service provider and any other
42 information or supplementary documentation requested by the Office. As a measurement of the
43 provision of broadband equipment to an unserved household, the Office shall award grants to
44 applicants that demonstrate the provision of equipment that has provided broadband service to
45 an unserved household. The Office shall provide grants to eligible broadband service providers
46 for providing broadband service equipment to unserved households as follows:

- 47 (1) Up to one thousand one hundred dollars (\$1,100) for the provision of satellite
48 broadband equipment to any single unserved household, or up to seven
49 hundred dollars (\$700.00) for the provision of fixed wireless broadband
50 equipment to any single unserved household, providing broadband speeds of

1 50 megabits per second download and 3 megabits per second upload or
2 greater.

- 3 (2) Up to seven hundred dollars (\$700.00) for the provision of satellite broadband
4 equipment to any single unserved household, or up to five hundred dollars
5 (\$500.00) for the provision of fixed wireless broadband equipment to any
6 single unserved household, providing less than 50 megabits per second
7 download and 3 megabits per second upload.

8 The grants awarded by the Office shall not exceed the cost of the broadband provider's
9 equipment, including any installation costs, necessary to provide broadband service to the
10 unserved household.

11 (d) Eligibility for a grant award is dependent upon the household maintaining broadband
12 service with the grantee for at least 24 consecutive months. No grant shall be awarded for
13 providing broadband service at an address that the Office has previously awarded a grant under
14 this section. A grantee shall submit documentation to the Office annually that will provide
15 information sufficient for the Office to verify eligibility of subscriptions, including that the
16 household was unserved. Payment of grant funds is subject to documentation showing eligibility
17 of subscriptions.

18 (e) The Office shall require a grantee to enter into an agreement. The agreement shall
19 contain at least all of the following:

- 20 (1) An address of the household subscribing for broadband service for which the
21 grant is sought.
- 22 (2) A provision that requires the grantee to maintain its service for the subscriber
23 for at least 24 consecutive months.
- 24 (3) A provision establishing the conditions under which the grant agreement may
25 be terminated and under which grant funds may be recaptured by the Office.
- 26 (4) A provision stating that unless the agreement is terminated pursuant to its
27 terms, the agreement is binding and constitutes a continuing contractual
28 obligation of the State and the grantee.
- 29 (5) A provision that establishes any allowed variation in the terms of the
30 agreement that will not subject the grantee to grant reduction, amendment, or
31 termination of the agreement.
- 32 (6) A provision describing the manner in which the amount of the grant will be
33 measured and administered to ensure compliance with the agreement and this
34 section.
- 35 (7) A provision stating that any recapture of a grant and any reduction in the
36 amount of the grant or the term of the agreement must, at a minimum, be
37 proportional to the failure to comply measured relative to the condition or
38 criterion with respect to which the failure occurred.
- 39 (8) A provision describing the methodology the Office will use to verify
40 subscriptions and the types of information required to be submitted by the
41 grantee.
- 42 (9) A provision stating that the grantee may not impose data caps upon any
43 eligible subscription, for the term of the agreement.
- 44 (10) A provision stating that the equipment necessary for a subscriber to receive
45 broadband service from the grantee shall be deemed a fixed asset upon the
46 property of the eligible subscription and shall transfer with the property to any
47 successors.
- 48 (11) Any other provision the Office deems necessary.

49 (f) If the grantee fails to meet or comply with any condition or requirement set forth in
50 an agreement, the Office shall reduce the amount of the grant or the term of the agreement, may
51 terminate the agreement, or both. The reduction in the amount or the term must, at a minimum,

1 be proportional to the failure to comply measured relative to the condition with respect to which
2 the failure occurred. If the Office finds that the grantee has manipulated or attempted to
3 manipulate data with the purpose of increasing the amount of a grant, the Office shall
4 immediately terminate the agreement and take action to recapture any grant funds disbursed in
5 any year in which the Office finds the grantee manipulated or attempted to manipulate data with
6 the purpose of increasing the amount of a grant.

7 (g) The grantee shall certify and provide to the Office evidence consistent with a Federal
8 Communications Commission attestation that the proposed minimum upstream and minimum
9 downstream broadband speeds and latency metrics identified in the application guidelines are
10 and will be available throughout the project area during the term of the agreement prior to any
11 end user connections. A grantee may receive a disbursement of a grant only after the Office has
12 certified that the grantee has met the terms and conditions of the agreement. A grantee shall
13 submit a certification of compliance with the agreement to the Office. The Office shall require
14 the grantee to provide any necessary evidence of compliance to verify that the terms of the
15 agreement have been met.

16 (h) The Office shall require that a grantee offer the proposed advertised minimum
17 download and minimum upload speeds and subscription cost identified in the application for the
18 duration of the 24 consecutive months provided in the agreement. Upon request, a grantee shall
19 provide to the Office evidence consistent with a Federal Communications Commission
20 attestation that the grantee is making available the proposed advertised speed, or a faster speed,
21 as contained in the grant agreement."

22 **SECTION 38.7.(b)** The Department may utilize up to one million dollars
23 (\$1,000,000) in funds appropriated to the Growing Rural Economies with Access to Technology
24 Fund established in G.S. 143B-1373(b) for grants awarded under this section.

25 **SECTION 38.7.(c)** This section becomes effective July 1, 2022.

26 **BROADBAND MAPPING**

27 **SECTION 38.8.(a)** G.S. 143B-1321 reads as rewritten:

28 **"§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

29 (a) The Department shall have the following powers and duties:

30 ...

31 (34) Prepare and maintain statewide broadband maps incorporating current and
32 future federal data along with State data collected by the Department or
33 provided to the Department from other sources to identify the capabilities and
34 needs related to broadband distribution and access and serve as the sole source
35 provider of broadband mapping for State agencies.

36"

37 **SECTION 38.8.(b)** G.S. 143B-1370 reads as rewritten:

38 **"§ 143B-1370. Communications services.**

39 (a) The State CIO shall exercise authority for telecommunications and other
40 communications included in information technology relating to the internal management and
41 operations of State agencies. In discharging that responsibility, the State CIO shall do the
42 following:

43 ...

44 (5) Provide for the establishment, management, and operation, through either
45 State ownership, by contract, or through commercial leasing, of the following
46 systems and services as they affect the internal management and operation of
47 State agencies:

48 a. Central telephone systems and telephone networks, including Voice
49 over Internet Protocol and Commercial Mobile Radio Systems.

50 b. Satellite services.
51

- c. Closed-circuit TV systems.
- d. Two-way radio systems.
- e. Microwave systems.
- f. Related systems based on telecommunication technologies.
- g. The "State Network," managed by the Department, which means any connectivity designed for the purpose of providing Internet Protocol transport of information for State agencies.
- h. ~~Broadband.~~ Broadband, including serving as the sole source of agency broadband maps.

...."

SECTION 38.8.(c) G.S. 143B-1373 reads as rewritten:

"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.

...

(m) The Office of Broadband Infrastructure in the Department of Information Technology (Office) shall be the designated agency for receipt and disbursement of federal grant funds intended for the State for broadband expansion and shall seek available federal grant funds for that purpose. All federal grant funds received for the purpose of broadband expansion shall be disbursed in accordance with this section. The Office shall serve as the designated agency for the receipt of all State, federal, and private grants, gifts, or matching funds for broadband mapping, as provided by G.S. 143B-1370(a)(5)h. Funds received under this subsection shall remain unexpended until appropriated by an act of the General Assembly.

...."

FACILITATION OF BROADBAND DEPLOYMENT

SECTION 38.9. Article 15 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-296.1. Facilitation of broadband deployment.

(a) Except as provided in G.S. 160D-935, a city shall issue a written decision to approve or deny an application for a permit or encroachment to conduct activities in the city's rights-of-way that has been submitted by an entity deploying broadband service, as defined in G.S. 143B-1373(a), within 30 days of the submission of the application. If a written decision has not been issued within the 30-day period, the application shall be deemed approved by the city. An application submitted pursuant to this section shall include information concerning the identity of the applicant and any contractors for the applicant, the type of installation and related facilities to be installed, the proposed construction time line, and the location or address of the proposed construction or installation. A city may deny an application that fails to meet reasonable guidelines established pursuant to this section and shall provide the reasons for denial to the applicant. An applicant may cure the deficiencies identified in the application denial and resubmit a revised application at no additional cost to the applicant. A city shall review only the portion of a resubmitted application relating to the deficiencies initially identified and shall approve or deny the resubmitted application within 10 days of resubmission. A city shall include a method to designate applications submitted pursuant to this section as being submitted by an entity deploying broadband service.

(b) In administering the provisions of this section, a city may do the following:

- (1) Determine reasonable guidelines for the installation of facilities in the city's rights-of-way to prevent any activities from interfering with or endangering public use of city streets.
- (2) Require an applicant to promptly repair any damage caused by the applicant or an agent of the applicant.
- (3) Require that an applicant execute an affidavit evidencing financial responsibility or obtain commercially reasonable insurance that demonstrates

adequate resources to repair any damage caused by the applicant or an agent of the applicant.

A city may not impose additional conditions or requirements on an applicant beyond those listed in this subsection. A city may not require an entity that has been issued a valid certificate of public convenience by the Public Utilities Commission or a franchise to provide video programming services issued by the Secretary of State to enter into a master encroachment agreement or other similar agreement as a condition of approval of an application under this section."

BROADBAND ACCELERATION

SECTION 38.10.(a) G.S. 153A-459 reads as rewritten:

"§ 153A-459. ~~Authorization to provide grants.~~ County broadband acceleration.

A county may provide grants to unaffiliated ~~qualified private or nonprofit providers of high speed Internet access service, broadband service,~~ as that term is defined in G.S. 160A-340(4), G.S. 143B-1373(a)(2), for the purpose of expanding broadband service in unserved areas ~~for economic development~~ in the county. The grants shall be awarded on a technology neutral basis, shall be open to ~~qualified applicants,~~ all private or nonprofit providers of broadband service, and may require matching funds by the private ~~provider or nonprofit providers.~~ A county shall seek and consider requests for proposal from ~~qualified private providers within the county~~ prior to awarding a broadband grant and shall use reasonable means to ensure that potential applicants are made aware of the ~~grant, including, at a minimum, compliance with the notice procedures set forth in G.S. 160A-340.6(e).~~ grant; provided, however, a county is not required to seek and consider requests for proposal when providing financial or other support in connection with an application from a private provider for a broadband service grant under G.S. 143B-1373. The county ~~shall~~ may use ~~only unrestricted~~ general fund revenue as well as State or federal funds for the grants. ~~For the purposes of this section, a qualified private provider is a private provider of high speed Internet access service in the State prior to the issuance of the grant proposal.~~ For purposes of this section, the term "unserved area" has the same meaning as in G.S. 143B-1373(a)(14). For any grants awarded pursuant to this section after the date this section becomes effective, the term "unserved area" shall not include any location where a private provider has been designated to receive funds through State- or federally funded programs designed specifically for broadband service deployment if the recipient of the funding is in good standing with the grantor agency's requirements regarding construction build-out and time lines. Nothing in this section authorizes a county to provide high-speed Internet broadband service."

SECTION 38.10.(b) The Broadband Pole Replacement Program (hereinafter "Program") is hereby established for the purpose of speeding and facilitating the deployment of broadband service to individuals, businesses, agricultural operations, and community access points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by communications service providers. A communications service provider who pays or incurs the costs of removing and replacing an existing pole in connection with a qualified project may apply to the Department for reimbursement in an amount equal to fifty percent (50%) of eligible pole replacement costs paid or incurred by the applicant or ten thousand dollars (\$10,000), whichever is less, for each pole replaced.

SECTION 38.10.(c) The funds appropriated in this act for the Program shall be held by the Department in a special fund and shall not revert to the General Fund but shall remain available to reimburse communications service providers as authorized in this section until December 30, 2026, provided that reimbursements shall comply with applicable federal guidelines for the use of these recovery funds. The Department may use up to one percent (1%) of the funds appropriated for the Program, not to exceed the total sum of one hundred thousand dollars (\$100,000) in each fiscal year, to administer the Program. The Department shall issue guidelines for the implementation of the Program and shall take all actions necessary to obtain

1 access to the Coronavirus Capital Projects Fund for such purpose, including applying for such
2 funding to the United States Treasury and promulgating any additional program requirements
3 required by the United States Treasury as a condition of obtaining access to such funding.

4 **SECTION 38.10.(d)** Each applicant for reimbursement under the Program shall
5 provide the following in a form specified by the Department:

- 6 (1) Information sufficient to establish the number, cost, and eligibility of pole
7 replacements and the identity of the communications service provider
8 attaching the broadband facilities.
- 9 (2) Documentation sufficient to establish that the pole replacements have been
10 completed or are scheduled for completion not later than 90 days after the
11 applicant has been reimbursed as authorized by this section.
- 12 (3) The amount of reimbursement requested and documentation or information
13 justifying the amount requested.
- 14 (4) A verified statement from an officer or agent of the applicant declaring that
15 the contents of the application are true and accurate.
- 16 (5) Any other information the Department deems necessary for final review of the
17 application and award of reimbursement.

18 **SECTION 38.10.(e)** No later than 60 days after the date the Department receives a
19 completed application for reimbursement under the Program, the Department shall review the
20 application and, if the application establishes that the applicant has paid or incurred costs eligible
21 for reimbursement under the Program and there are sufficient funds in the Program special fund,
22 shall reimburse the applicant as authorized in this section. The Department shall reimburse an
23 applicant no later than 30 days after the date the Department determines reimbursement can be
24 made as provided in this subsection. If a communications service provider incurs eligible pole
25 replacement costs, the pole owner shall cooperate and coordinate with the provider to supply all
26 information required by the Department to aid the provider in promptly completing and
27 submitting an application for reimbursement under the Program. A pole owner shall reasonably
28 and promptly cooperate with any request by the Department for substantiation of charges
29 assessed by the pole owner.

30 **SECTION 38.10.(f)** If there are insufficient funds in the Program special fund to
31 reimburse an applicant, the application for reimbursement shall be denied. However, the
32 applicant may resubmit the application for reimbursement if sufficient funds are appropriated by
33 the General Assembly to the Program special fund. If there are insufficient funds in the Program
34 special fund to reimburse an applicant, and the communications service provider must reimburse
35 "reasonable and actual cost" of the pole owner under G.S. 62-350(a), the term "reasonable and
36 actual cost" shall mean the reasonable cost of advancing the retirement of the pole that would
37 have occurred in the absence of the attachment, which presumptively is capped at the sum of the
38 following:

- 39 (1) The net book value of the existing pole being retired as a result of the
40 attachment.
- 41 (2) The incremental cost, if any, of installing a pole with greater capacity relative
42 to the average installation cost of a new pole installed by the municipality or
43 membership corporation.
- 44 (3) Any other incremental costs proved by the municipality or membership
45 corporation of advancing the retirement, except that the incremental costs
46 shall not include any costs associated with the future installation of a pole the
47 municipality or membership corporation would have installed if there was no
48 attachment being made. If the pole owner lacks records sufficient to establish
49 reasonable and actual cost as defined in this subsection, a portion of the total
50 cost associated with the pole replacement shall be presumptively assigned to

1 the communications service provider based on the age of the pole being
2 replaced, as follows:

- 3 a. 0, up to 12 years – 90%.
- 4 b. 12, up to 22 years – 45%.
- 5 c. 22, up to 35 years, or pole age unknown – 25%.
- 6 d. 35 years and up – 10%.

7 **SECTION 38.10.(g)** A pole owner shall perform or allow providers to perform all
8 actions to facilitate access to poles for qualified projects in the same time lines and pursuant to
9 the same procedures to provide access to utility poles as provided in 47 C.F.R. § 1.1411, as such
10 regulation existed on the date this section becomes effective. For purposes of complying with the
11 time lines and procedures described in this subsection, replacement of a pole shall be considered
12 work above the communications space.

13 **SECTION 38.10.(h)** A party subject to a dispute arising under subsection (f) or (g)
14 of this section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner
15 as a party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission
16 shall issue a final order resolving the dispute within 120 days of the date the proceedings were
17 initiated; provided, however, the Commission may extend the time for issuance of a final order
18 for good cause and with the agreement of all parties. In such a dispute, the Commission shall
19 apply the provisions of this section notwithstanding any contrary provisions of any existing
20 agreement.

21 **SECTION 38.10.(i)** No later than 60 days after the date funds are appropriated to
22 the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and
23 publish on its website all of the following:

- 24 (1) The number of applications for reimbursement received, processed, and
25 rejected, including the reasons applications were rejected.
- 26 (2) The amount of each reimbursement, the total number of reimbursements, and
27 the status of any pending reimbursements.
- 28 (3) The estimated remaining balance in the Program special fund.

29 **SECTION 38.10.(j)** The following definitions apply in this section:

- 30 (1) Broadband service. – As defined in G.S. 143B-1373(a).
- 31 (2) Communications service provider. – As defined in G.S. 62-350(e).
- 32 (3) Department. – The Department of Information Technology.
- 33 (4) Eligible pole replacement cost. – The actual and reasonable costs paid or
34 incurred by a party after June 1, 2021, to remove and replace a pole, including
35 the amount of any expenditures to remove and dispose of the existing pole,
36 purchase and install a replacement pole, and transfer any existing facilities to
37 the new pole. The term includes costs paid or incurred by the party responsible
38 for the costs of a pole replacement to reimburse the party that performs the
39 pole replacement. The term does not include costs that the party incurs initially
40 that have been reimbursed to the party by another party ultimately responsible
41 for the costs.
- 42 (5) Pole. – Any pole used, wholly or partly, for any wire communications or
43 electric distribution, irrespective of who owns or operates the pole.
- 44 (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 45 (7) Qualified project. – A project undertaken by a communications service
46 provider that is not affiliated with a pole owner seeking to provide qualifying
47 internet access service on a retail basis to one or more households, businesses,
48 agricultural operations, or community access points in an unserved area.
- 49 (8) Qualifying internet access service. – Fixed, terrestrial internet access service
50 with such speeds and technical capabilities required by the United States
51 Treasury for projects under the Coronavirus Capital Projects Fund established

1 by section 9901 of the American Rescue Plan Act and codified at section 604
 2 of the Social Security Act, provided that if the United States Treasury does
 3 not establish such requirements, qualifying internet access shall mean service
 4 offered over a network that is capable of speeds of 100 megabits per second
 5 or faster in both the downstream and upstream directions.

- 6 (9) Unserved area. – An area in which, according to the most recent map of fixed
 7 broadband internet access service made available by the Federal
 8 Communications Commission, fixed, terrestrial broadband service at speeds
 9 of at least 25 megabits per second download and at least 3 megabits per second
 10 upload is unavailable at the time the communications service provider
 11 requests access. A pole shall be presumed to be located in an unserved area if
 12 the pole is located in an area that is the subject of a federal or State grant to
 13 deploy broadband service, the conditions of which limit the availability of a
 14 grant to unserved areas.

15 **SECTION 38.10.(k)** If any provision of this section or its application is held invalid,
 16 the invalidity does not affect other provisions or applications of this section that can be given
 17 effect without the invalid provisions or application, and to this end, the provisions of this section
 18 are severable.

19 **SECTION 38.10.(l)** G.S. 160D-931 reads as rewritten:

20 "**§ 160D-931. Definitions.**

21 The following definitions apply in this Part:

22 ...

- 23 (7) City utility pole. – A pole owned by a city (i) in the city right-of-way that
 24 provides lighting, traffic control, or a similar ~~function~~-function and (ii) as part
 25 of a public enterprise owned or operated by a city pursuant to Article 16 of
 26 Chapter 160A of the General Statutes consisting of an electric power
 27 generation, transmission, or distribution system.

28"

29 **SECTION 38.10.(m)** G.S. 160D-935 reads as rewritten:

30 "**§ 160D-935. Collocation of small wireless facilities.**

31 ...

32 (a1) A city may not charge a wireless provider who is taxed under G.S. 105-164.4(a)(4c)
 33 and submits an application under G.S. 160D-935(d) or G.S. 160D-936(j) either of the following:

- 34 (1) A fee for the collocation of a small wireless facility or the installation,
 35 modification, or replacement of a utility pole or city utility pole in the city
 36 right-of-way, including, without limitation, a fee under subsections (e) and (f)
 37 of this section or a fee for a building permit, electrical permit, inspection, lane
 38 closure, or work permit of any kind.
 39 (2) Except for recurring charges assessed under G.S. 160D-937(a), (c), and (d), a
 40 recurring charge for the collocation of a small wireless facility in the city
 41 right-of-way or the installation, modification, or replacement of a utility pole
 42 or city utility pole in the city right-of-way, including, without limitation, a
 43 recurring charge under G.S. 160D-936(f).

44 ...

45 (e) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may charge an
 46 application fee that shall not exceed the lesser of (i) the actual, direct, and reasonable costs to
 47 process and review applications for collocated small wireless facilities, (ii) the amount charged
 48 by the city for permitting of any similar activity, or (iii) one hundred dollars (\$100.00) per facility
 49 for the first five small wireless facilities addressed in an application, plus fifty dollars (\$50.00)
 50 for each additional small wireless facility addressed in the application. In any dispute concerning

1 the appropriateness of a fee, the city has the burden of proving that the fee meets the requirements
2 of this subsection.

3 (f) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may impose a
4 technical consulting fee for each application, not to exceed five hundred dollars (\$500.00), to
5 offset the cost of reviewing and processing applications required by this section. The fee must be
6 based on the actual, direct, and reasonable administrative costs incurred for the review,
7 processing, and approval of an application. A city may engage an outside consultant for technical
8 consultation and the review of an application. The fee imposed by a city for the review of the
9 application shall not be used for either of the following:

10"

11 **SECTION 38.10.(n)** G.S. 160D-936 reads as rewritten:

12 "**§ 160D-936. Use of public right-of-way.**

13 ...

14 (f) Except as provided in this Part, a city may assess a right-of-way charge under this
15 section for use or occupation of the right-of-way by a wireless provider, ~~subject to the restrictions~~
16 ~~set forth under G.S. 160A-296(a)(6).~~ provider. In addition, charges authorized by this section
17 shall meet all of the following requirements:

18"

19 **SECTION 38.10.(o)** G.S. 160D-937 reads as rewritten:

20 "**§ 160D-937. Access to city utility poles to install small wireless facilities.**

21 ...

22 (i) ~~This section shall not apply to an excluded entity. Nothing in this Part shall be~~
23 construed to apply to an electric membership corporation organized under Chapter 117 of the
24 General Statutes that owns or controls poles, ducts, or conduits and is exempt from regulation
25 under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.
26 Nothing in this section shall be construed to affect the authority of an ~~excluded entity~~ electric
27 membership corporation to deny, limit, restrict, or determine the rates, fees, terms, and conditions
28 for the use of or attachment to its utility ~~poles, city utility poles, poles~~ or wireless support
29 structures by a wireless provider. This section shall not be construed to alter or affect the
30 provisions of G.S. 62-350, and the rates, terms, or conditions for the use of ~~poles, ducts, or~~
31 ~~conduits~~ by communications service providers, as defined in ~~G.S. 62-350, are governed solely~~
32 ~~by G.S. 62-350. For purposes of this section, "excluded entity" means (i) a city that owns or~~
33 ~~operates a public enterprise pursuant to Article 16 of Chapter 160A of the General Statutes~~
34 ~~consisting of an electric power generation, transmission, or distribution system or (ii) an electric~~
35 ~~membership corporation organized under Chapter 117 of the General Statutes that owns or~~
36 ~~controls poles, ducts, or conduits, but which is exempt from regulation under section 224 of the~~
37 ~~Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.~~ G.S. 62-350, of poles, ducts,
38 or conduits owned by electric membership corporations."

39 **SECTION 38.10.(p)** This section is effective when it becomes law. Subsections (b)
40 through (k) of this section expire December 31, 2026.

41 STATE SURPLUS COMPUTERS FOR NONPROFITS

42 **SECTION 38.11.(a)** G.S. 143-64.03 reads as rewritten:

43 "**§ 143-64.03. Powers and duties of the State agency for surplus property.**

44 (a) The State Surplus Property Agency is authorized and directed to:

- 45 (1) Sell all State owned supplies, materials, and equipment that are surplus,
46 obsolete, or unused and sell all seized vehicles and other conveyances that the
47 State Surplus Property Agency is authorized to sell;
48 (2) Warehouse such property; and
49 (3) Distribute such property to tax-supported or nonprofit tax-exempt
50 organizations.
51

1 (b) The State Surplus Property Agency is authorized and empowered to act as a
2 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to
3 locate property available for acquisition from State agencies, to ascertain the terms and conditions
4 under which the property may be obtained, to receive requests from agencies and private
5 nonprofit tax-exempt organizations, and transmit all available information about the property,
6 and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions
7 for the acquisition of State surplus property. When Prioritization should be given to distributing
8 computer equipment to nonprofit entities that refurbish computers and donate them to
9 low-income students or households in this State, the State Surplus Property Agency shall
10 distribute the computer equipment at no cost or the lowest possible cost to the nonprofit entities
11 and must give consideration to the counties where the computer equipment will be donated to
12 ensure that all geographic regions of the State benefit from the distributions.

13 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,
14 shall be deemed to prohibit The University of North Carolina from conveying surplus computer
15 equipment at no cost and The University of North Carolina is encouraged to prioritize distribution
16 to nonprofit entities that refurbish computers to donate to low-income students or households in
17 the State. Any conveyance to a nonprofit under this subsection shall be conditioned upon, and in
18 consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to
19 low-income students or households in the State and the nonprofit's reporting of information
20 required by this subsection. After an initial conveyance, The University of North Carolina shall
21 not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has
22 reported the information required by this subsection for prior conveyances.

23 When making a distribution under this subsection, The University of North Carolina shall
24 keep records on the type of computer equipment distributed, the number distributed, the name of
25 the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished
26 computers to low-income students or households in the State. If the nonprofit is unable to
27 refurbish computer equipment for any reason, its report shall include the disposition of such
28 computer equipment. A nonprofit shall provide a report to the Board of Governors of The
29 University of North Carolina by December 1, 2021, and by December 1 of each year thereafter.
30 The report shall contain the information required by this subsection and any other information
31 the Board of Governors deems reasonably necessary to ensure the conditions required under this
32 subsection are satisfied. The Board of Governors of The University of North Carolina shall
33 submit a report containing the information required to be collected under this subsection to the
34 Joint Legislative Education Oversight Committee by February 1, 2022, and by February 1 of
35 each year thereafter.

36"

37 **SECTION 38.11.(b)** This section is effective when it becomes law.

38
39 **JLOCIT/STUDY STATE INFORMATION TECHNOLOGY INTERNAL SERVICE**
40 **RATES/REVIEW ALTERNATIVE COST RECOVERY METHODS**

41 **SECTION 38.12.** The Joint Legislative Oversight Committee on Information
42 Technology (JLOCIT) shall conduct a study of best practices and make recommendations for
43 legislative proposals to formulate a new budget and cost accounting model for State information
44 technology goods and services provided to State agencies by the Department of Information
45 Technology (DIT). The JLOCIT shall do at least the following in conducting this examination:

- 46 (1) Evaluate the current internal service fund rate structure under
47 G.S. 143B-1333, including the methodologies used by DIT in setting rates and
48 fees and whether industry standards are reflected for the goods and services
49 for which State agencies are charged. The specific matters for review include,
50 but are not limited to, whether those rates and fees are (i) understandable, (ii)
51 priced on usage, (iii) predictable for planning purposes, (iv) related to value

1 received, (v) priced competitively with open market services, and (vi) readily
2 adjustable to factor in unplanned events.

3 (2) Focus on the internal service rates and fees charged by DIT for State agency
4 internet service, Wide Area Network costs, and any other costs of information
5 technology goods and services that the JLOCIT deems appropriate.

6 (3) Review alternative ways to capture and recover the costs of information
7 technology goods and services that DIT provides to State agencies.

8 (4) Examine how replacement costs are accounted for and built into State agency
9 operating budgets.

10 (5) Review whether some State agencies should pay for information technology
11 using the current or a similar rate system or if some should have information
12 technology charges and costs funded differently.

13 The JLOCIT may make an interim report of its findings, conclusions, and legislative
14 recommendations to the 2022 Regular Session and shall make a final report to the 2023 General
15 Assembly.

16 17 **PART XXXIX. SALARIES AND BENEFITS**

18 19 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 20 **INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022**

21 **SECTION 39.1.(a)** Effective July 1, 2021, except as provided by subsection (b) of
22 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
23 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
24 position on June 30, 2021, is awarded:

25 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)
26 of annual salary in the 2021-2022 fiscal year.

27 (2) Any salary adjustment otherwise allowed or provided by law.

28 **SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of
29 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
30 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
31 position on June 30, 2022, is awarded:

32 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)
33 of annual salary in the 2022-2023 fiscal year.

34 (2) Any salary adjustment otherwise allowed or provided by law.

35 **SECTION 39.1.(b)** For the 2021-2023 fiscal biennium, the following persons are
36 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this
37 section:

38 (1) Employees of local boards of education.

39 (2) Local community college employees.

40 (3) Employees of The University of North Carolina.

41 (4) Clerks of superior court compensated under G.S. 7A-101.

42 (5) Correctional employees to which Section 39.14 of this Part applies.

43 (6) Law enforcement officers to which Section 39.15 of this Part applies.

44 (7) Employees of schools operated by the Department of Health and Human
45 Services, the Department of Public Safety, and the State Board of Education
46 who are paid based on the Teacher Salary Schedule.

47 (8) Judicial employees paid under Article 29A, 29B, or 29C of Chapter 7A of the
48 General Statutes, unless an exception to this exemption is applicable.

49 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by
50 this section on a prorated and equitable basis.

1 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from
2 receiving the full salary increases provided in this section solely because the employee's salary
3 after applying the legislative increase is above the maximum of the salary range prescribed by
4 the State Human Resources Commission.

5
6 **BONUSES AWARDED TO STATE EMPLOYEES AND LOCAL EDUCATION**
7 **EMPLOYEES FOR WORK DURING THE PANDEMIC**

8 **SECTION 39.2.(a)** The General Assembly finds that North Carolina's response
9 efforts to the COVID-19 pandemic have included the extraordinary work of State employees and
10 local school employees at all levels and in all agencies. Essential services were continuously
11 provided throughout the pandemic to the citizens of North Carolina, including, but not limited
12 to, public health, public safety, transportation, education, and public recreation. Therefore, it is
13 appropriate that State employees and local education employees who worked to continue the
14 operations and services of government during the pandemic receive additional pay for their
15 efforts during the emergency.

16 **SECTION 39.2.(b)** Further, the General Assembly finds that certain employees were
17 at increased risk of exposure to COVID-19 due to job duties that required significant in-person
18 interaction. These employees should receive additional pay due to the increased personal risk
19 involved in providing the essential services associated with their job duties.

20 **SECTION 39.2.(c)** By October 31, 2021, employers of State employees and local
21 education employees shall administer a one-time, lump sum bonus of five hundred dollars
22 (\$500.00) to all permanent full-time State employees and local education employees employed
23 by the employer continuously from March 10, 2020, through October 1, 2021.

24 **SECTION 39.2.(d)** Employers of State employees and local education employees
25 shall provide by October 31, 2021, an additional one-time, lump sum bonus of one thousand
26 dollars (\$1,000) to each permanent full-time State employee or local education employee
27 employed by an eligible employer continuously from March 10, 2020, through October 1, 2021,
28 if the employee earns an annual salary that does not exceed seventy-five thousand dollars
29 (\$75,000) or if the employee was employed by an eligible employer in any of the following
30 positions during the period of March 10, 2020, through October 1, 2021:

- 31 (1) As a public school principal.
- 32 (2) As a law enforcement officer.
- 33 (3) In the Division of Adult Correction and Juvenile Justice of the Department of
34 Public Safety with job duties requiring frequent in-person contact.
- 35 (4) In a position at a 24-hour residential or treatment facility operated by the
36 Department of Health and Human Services.

37 **SECTION 39.2.(e)** In addition to the bonuses authorized by subsections (c) and (d)
38 of this section, by October 31, 2021, employers of State employees and local education
39 employees shall provide an additional one-time, lump sum bonus of five hundred dollars
40 (\$500.00) to each permanent full-time State employee or local education employee employed by
41 an eligible employer continuously from March 10, 2020, through October 1, 2021, if the
42 employee earns an annual salary that does not exceed forty thousand dollars (\$40,000) and the
43 employee was employed by an eligible employer in any of the following positions during the
44 period of March 10, 2020, through October 1, 2021:

- 45 (1) As a public school principal.
- 46 (2) As a law enforcement officer.
- 47 (3) In the Division of Adult Correction and Juvenile Justice of the Department of
48 Public Safety with job duties requiring frequent in-person contact.
- 49 (4) In a position at a 24-hour residential or treatment facility operated by the
50 Department of Health and Human Services.

1 **SECTION 39.2.(f)** The following definitions apply for the purposes of administering
2 the bonuses authorized by this section:

- 3 (1) The term "State employee" includes all State employees in all State agencies,
4 departments, and institutions regardless of funding source.
5 (2) The term "local education employee" includes all employees of community
6 colleges, local school administrative units, innovative schools, regional
7 schools, and public charter schools regardless of funding source.

8 **SECTION 39.2.(g)** Of the funds appropriated in this act from the State Fiscal
9 Recovery Fund, the sum of five hundred seventy-eight million dollars (\$578,000,000) for the
10 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this
11 section to State employees and local education employees for work performed during the
12 COVID-19 pandemic.

13 **SECTION 39.2.(h)** The premium pay bonuses awarded by this section:

- 14 (1) Are in addition to any regular wage or other bonuses the employee receives
15 or is scheduled to receive.
16 (2) Are not considered compensation for any retirement system administered by
17 the State.

18 **SECTION 39.2.(i)** Permanent part-time employees shall receive the bonuses
19 authorized in this section on a prorated and equitable basis.

20 **SECTION 39.2.(j)** The Office of State Budget and Management shall ensure that
21 the funds for the bonuses authorized by this section are used only for the purposes set forth in
22 this section. If the Director of the Budget determines that funds appropriated to a State agency
23 for these bonuses exceed the amount required by that agency, the Director may reallocate those
24 funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9,
25 funds appropriated for these bonuses in excess of the amounts required for implementation shall
26 not be credited to the Pay Plan Reserve.

27 **SECTION 39.2.(k)** Any funds remaining after these bonuses are awarded in
28 accordance with this section shall be credited to the State Fiscal Recovery Fund.

30 GOVERNOR AND COUNCIL OF STATE

31 **SECTION 39.3.(a)** Effective July 1, 2021, G.S. 147-11 reads as rewritten:

32 "**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to**
33 **represent Governor's office.**

34 (a) The salary of the Governor shall be ~~one hundred fifty-four thousand seven hundred~~
35 ~~forty-three dollars (\$154,743)~~ one hundred fifty-eight thousand six hundred twelve dollars
36 (\$158,612) annually, payable monthly.

37 (b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred
38 dollars (\$11,500) as an expense allowance in attending to the business for the State and for
39 expenses out of the State and in the State in representing the interest of the State and people,
40 incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

41 (c) In addition to the foregoing allowance, the actual expenses of the Governor while
42 traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn
43 on the State Treasurer. Whenever a person who is not a State official or employee is designated
44 by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel
45 expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel
46 expense shall conform to the provisions of the biennial appropriation act in effect at the time the
47 payment is made."

48 **SECTION 39.3.(a1)** Effective July 1, 2022, G.S. 147-11(a), as amended by
49 subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred fifty-eight thousand six hundred twelve dollars (\$158,612)~~ one hundred sixty-two thousand five hundred seventy-seven dollars (\$162,577) annually, payable monthly."

SECTION 39.3.(b) Effective July 1, 2021, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$140,116
Attorney General	140,116
Secretary of State	140,116
State Treasurer	140,116
State Auditor	140,116
Superintendent of Public Instruction	140,116
Agriculture Commissioner	140,116
Insurance Commissioner	140,116
Labor Commissioner	140,116

SECTION 39.3.(b1) Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$143,619
Attorney General	143,619
Secretary of State	143,619
State Treasurer	143,619
State Auditor	143,619
Superintendent of Public Instruction	143,619
Agriculture Commissioner	143,619
Insurance Commissioner	143,619
Labor Commissioner	143,619

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.4.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following executive branch officials for the 2021-2022 fiscal year are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$125,821
State Controller	175,200
Commissioner of Banks	141,214
Chair, Board of Review, Division of Employment Security	138,516
Members, Board of Review, Division of Employment Security	136,823
Chairman, Parole Commission	138,516
Full-Time Members of the Parole Commission	128,072
Chairman, Utilities Commission	157,017
Members of the Utilities Commission	141,214
Executive Director, North Carolina Agricultural Finance Authority	122,530

SECTION 39.4.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$128,966

1	State Controller	179,580
2	Commissioner of Banks	144,745
3	Chair, Board of Review, Division	
4	of Employment Security	141,979
5	Members, Board of Review,	
6	Division of Employment Security	140,244
7	Chairman, Parole Commission	141,979
8	Full-Time Members of the Parole Commission	131,273
9	Chairman, Utilities Commission	160,942
10	Members of the Utilities Commission	144,745
11	Executive Director, North Carolina	
12	Agricultural Finance Authority	125,593

JUDICIAL BRANCH

SECTION 39.5.(a) Effective July 1, 2021, the annual salaries, payable monthly, for the following judicial branch officials for the 2021-2022 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
18 Chief Justice, Supreme Court	\$164,859
19 Associate Justice, Supreme Court	160,581
20 Chief Judge, Court of Appeals	158,041
21 Judge, Court of Appeals	153,939
22 Judge, Senior Regular Resident Superior Court	149,785
23 Judge, Superior Court	145,634
24 Chief Judge, District Court	132,350
25 Judge, District Court	128,198
26 Chief Administrative Law Judge	129,297
27 District Attorney	140,834
28 Assistant Administrative Officer of the Courts	135,621
29 Public Defender	140,834
30 Director of Indigent Defense Services	145,152

SECTION 39.5.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
34 Chief Justice, Supreme Court	\$168,980
35 Associate Justice, Supreme Court	164,595
36 Chief Judge, Court of Appeals	161,992
37 Judge, Court of Appeals	157,787
38 Judge, Senior Regular Resident Superior Court	153,530
39 Judge, Superior Court	149,275
40 Chief Judge, District Court	135,659
41 Judge, District Court	131,403
42 Chief Administrative Law Judge	132,529
43 District Attorney	144,355
44 Assistant Administrative Officer of the Courts	139,011
45 Public Defender	144,355
46 Director of Indigent Defense Services	148,781

SECTION 39.5.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed

eighty-four thousand six hundred fifty-eight dollars (\$84,658) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-five thousand four hundred thirty-seven dollars (\$45,437), effective July 1, 2021.

SECTION 39.5.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed eighty-six thousand seven hundred seventy-four dollars (\$86,774) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-six thousand five hundred seventy-three dollars (\$46,573), effective July 1, 2022.

CLERKS OF SUPERIOR COURT

SECTION 39.6.(a) Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$97,375 <u>\$99,809</u>
20-29	107,625 <u>110,316</u>
30-49	117,875 <u>120,822</u>
50-99	128,125 <u>131,328</u>
100 and above	130,688 <u>133,955</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

SECTION 39.6.(a1) Effective July 1, 2022, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$99,809 <u>\$102,305</u>
20-29	110,316 <u>113,074</u>
30-49	120,822 <u>123,842</u>
50-99	131,328 <u>134,611</u>
100 and above	133,955 <u>137,304</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 39.7.(a) Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780 <u>\$35,650</u>
Maximum	64,258 <u>65,864</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200 <u>\$31,980</u>
Maximum	50,466 <u>51,728</u> ."

SECTION 39.7.(a1) Effective July 1, 2022, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$35,650 <u>\$36,541</u>
Maximum	65,864 <u>67,511</u>

Deputy Clerks	Annual Salary
Minimum	\$31,980 <u>\$32,780</u>
Maximum	51,728 <u>53,021</u> ."

MAGISTRATES

SECTION 39.8.(a) Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$40,576 <u>\$41,590</u>
Step 1	\$43,571 <u>\$44,660</u>
Step 2	\$46,802 <u>\$47,972</u>
Step 3	\$50,222 <u>\$51,478</u>
Step 4	\$54,322 <u>\$55,680</u>
Step 5	\$59,259 <u>\$60,740</u>
Step 6	\$64,792 <u>\$66,412</u> ."

SECTION 39.8.(a1) Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$41,590\$42,630
Step 1	\$44,660\$45,777
Step 2	\$47,972\$49,171
Step 3	\$51,478\$52,764
Step 4	\$55,680\$57,072
Step 5	\$60,740\$62,259
Step 6	\$66,412.\$68,072."

TRIAL COURT PERSONNEL/SALARY SCHEDULES

SECTION 39.8A.(a) Article 29A of Chapter 7A of the General Statutes, as amended by this act, is further amended by adding a new section to read:

"§ 7A-358. Trial court administrator compensation.

(a) A full-time trial court administrator shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Trial Court Administrators

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0-4</u>	<u>\$80,908</u>
<u>5-9</u>	<u>\$84,552</u>
<u>10-14</u>	<u>\$89,550</u>
<u>15-19</u>	<u>\$94,550</u>
<u>20-24</u>	<u>\$99,550</u>
<u>25-29</u>	<u>\$104,550</u>
<u>30 or more</u>	<u>\$109,550.</u>

(b) A part-time trial court administrator shall be paid an annual salary based on the following formula: (i) the average number of hours a week that a part-time trial court administrator is assigned work shall be multiplied by the annual salary payable to a full-time trial court administrator who has the same number of years of State judicial branch service as does the part-time trial court administrator and the product of that multiplication shall be divided by the number 40 and (ii) the quotient shall be the annual salary payable to that part-time trial court administrator.

(c) For the purposes of this section, a full-time trial court administrator is one that is assigned to work an average of not less than 40 hours a week and a part-time trial court administrator is one that is assigned to work an average of less than 40 hours a week. The Administrative Office of the Courts shall designate whether a trial court administrator is full-time or part-time.

(d) The Administrative Office of the Courts shall provide trial court administrators with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act."

SECTION 39.8A.(b) Article 29B of Chapter 7A of the General Statutes, as created in this act, is amended by adding a new section to read:

"§ 7A-368. Trial court coordinator compensation.

(a) A trial court coordinator shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Trial Court Coordinators

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$55,000</u>
<u>1</u>	<u>\$56,100</u>
<u>2</u>	<u>\$57,222</u>
<u>3</u>	<u>\$58,366</u>
<u>4</u>	<u>\$59,333</u>
<u>5-9</u>	<u>\$60,724</u>
<u>10-14</u>	<u>\$63,760</u>
<u>15-19</u>	<u>\$66,948</u>
<u>20-24</u>	<u>\$70,295</u>
<u>25 or more</u>	<u>\$73,810.</u>

(b) A part-time trial court coordinator shall be paid an annual salary based on the following formula: (i) the average number of hours a week that a part-time trial court coordinator is assigned work shall be multiplied by the annual salary payable to a full-time trial court coordinator who has the same number of years of State judicial branch service as does the part-time trial court coordinator and the product of that multiplication shall be divided by the number 40 and (ii) the quotient shall be the annual salary payable to that part-time trial court coordinator.

(c) For the purposes of this section, a full-time trial court coordinator is one that is assigned to work an average of not less than 40 hours a week and a part-time trial court coordinator is one that is assigned to work an average of less than 40 hours a week. The Administrative Office of the Courts shall designate whether a trial court coordinator is full-time or part-time.

(d) The Administrative Office of the Courts shall provide trial court coordinators with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act.

(e) A family court administrator shall be paid an annual salary and provided longevity pay in the same manner as set forth by this section for a trial court coordinator."

SECTION 39.8A.(c) Effective July 1, 2021, Article 29C of Chapter 7A of the General Statutes, as created in this act, is amended by adding a new section to read:

"§ 7A-371. Judicial assistant compensation.

(a) A Judicial Assistant I shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Judicial Assistant I

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$42,000</u>
<u>1</u>	<u>\$42,840</u>
<u>2</u>	<u>\$43,697</u>
<u>3</u>	<u>\$44,571</u>
<u>4</u>	<u>\$45,462</u>
<u>5-9</u>	<u>\$46,371</u>
<u>10-14</u>	<u>\$48,690</u>

1	<u>15-19</u>	<u>\$51,125</u>
2	<u>20-24</u>	<u>\$53,681</u>
3	<u>25 or more</u>	<u>\$56,365.</u>

4 (a1) A Judicial Assistant II shall be paid an annual salary based upon years of State judicial
 5 branch service as set forth in the following table:

6 Table of Salaries of Full-Time Judicial Assistant II

7	<u>Years of Service</u>	<u>Annual Salary</u>
8	<u>0</u>	<u>\$48,000</u>
9	<u>1</u>	<u>\$48,960</u>
10	<u>2</u>	<u>\$49,939</u>
11	<u>3</u>	<u>\$50,938</u>
12	<u>4</u>	<u>\$51,957</u>
13	<u>5-9</u>	<u>\$52,996</u>
14	<u>10-14</u>	<u>\$55,646</u>
15	<u>15-19</u>	<u>\$58,428</u>
16	<u>20-24</u>	<u>\$61,349</u>
17	<u>25 or more</u>	<u>\$64,416.</u>

18 (b) A part-time trial judicial assistant shall be paid an annual salary based on the
 19 following formula: (i) the average number of hours a week that a part-time judicial assistant is
 20 assigned work shall be multiplied by the annual salary payable to a full-time judicial assistant
 21 who has the same number of years of State judicial branch service as does the part-time judicial
 22 assistant and the product of that multiplication shall be divided by the number 40 and (ii) the
 23 quotient shall be the annual salary payable to that part-time judicial assistant.

24 (c) For the purposes of this section, a full-time judicial assistant is one that is assigned to
 25 work an average of not less than 40 hours a week and a part-time judicial assistant is one that is
 26 assigned to work an average of less than 40 hours a week. The Administrative Office of the
 27 Courts shall designate whether a judicial assistant is full-time or part-time.

28 (d) The Administrative Office of the Courts shall provide judicial assistants with
 29 longevity pay at the same rates as are provided by the State to its employees subject to the North
 30 Carolina Human Resources Act.

31 (e) A family court case coordinator shall be paid an annual salary and provided longevity
 32 pay in the same manner as set forth by this section for a judicial assistant."

33 **SECTION 39.8A.(d)** Effective July 1, 2022, G.S. 7A-371 reads as rewritten:

34 **"§ 7A-371. Judicial assistant compensation.**

35 (a) A Judicial Assistant I shall be paid an annual salary based upon years of State judicial
 36 branch service as set forth in the following table:

37 Table of Salaries of Full-Time Judicial Assistant I

38	<u>Years of Service</u>	<u>Annual Salary</u>
39	<u>0</u>	<u>\$42,000\$43,050</u>
40	<u>1</u>	<u>42,84043,911</u>
41	<u>2</u>	<u>43,69744,789</u>
42	<u>3</u>	<u>44,57145,685</u>
43	<u>4</u>	<u>45,46246,599</u>
44	<u>5-9</u>	<u>46,37147,530</u>
45	<u>10-14</u>	<u>48,69049,907</u>
46	<u>15-19</u>	<u>51,12552,403</u>
47	<u>20-24</u>	<u>53,68155,023</u>
48	<u>25 or more</u>	<u>56,365-57,774.</u>

49 (a1) A Judicial Assistant II shall be paid an annual salary based upon years of State judicial
 50 branch service as set forth in the following table:

51 Table of Salaries of Full-Time Judicial Assistant II

	Years of Service	Annual Salary
1	0	\$48,000 <u>\$49,200</u>
2	1	48,960 <u>50,184</u>
3	2	49,939 <u>51,187</u>
4	3	50,938 <u>52,211</u>
5	4	51,957 <u>53,256</u>
6	5-9	52,996 <u>54,321</u>
7	10-14	55,646 <u>57,037</u>
8	15-19	58,428 <u>59,889</u>
9	20-24	61,349 <u>62,883</u>
10	25 or more	64,416 <u>66,026</u>

...."

SECTION 39.8A.(e) The salary schedules enacted by this section shall be administered subject to the following rules:

- (1) No employee may receive both an across-the-board legislative salary increase under this act and a salary increase pursuant to a schedule.
- (2) No employee may have a salary reduction as a result of applying one of the schedules.
- (3) If any employee would have an increase in salary were the employee to receive the across-the-board legislative salary increase authorized by this act, then the employee shall be paid the higher salary resulting from the across-the-board increase.

LEGISLATIVE EMPLOYEES

SECTION 39.9.(a) Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 39.9.(a1) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 39.9.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.10.(a) Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred sixteen thousand seven hundred thirty two dollars (\$116,732), one hundred~~ nineteen thousand six hundred fifty dollars (\$119,650), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 39.10.(b) Effective July 1, 2022, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred nineteen thousand six hundred fifty dollars (\$199,650), one hundred nineteen~~ thousand six hundred fifty dollars (\$119,650), payable monthly. Each principal clerk shall also

1 receive such additional compensation as approved by the Speaker of the House of
 2 Representatives or the President Pro Tempore of the Senate, respectively, for additional
 3 employment duties beyond those provided by the rules of their House. The Legislative Services
 4 Commission shall review the salary of the principal clerks prior to submission of the proposed
 5 operating budget of the General Assembly to the Governor and shall make appropriate
 6 recommendations for changes in those salaries. Any changes enacted by the General Assembly
 7 shall be by amendment to this paragraph."
 8

9 **SERGEANTS-AT-ARMS/READING CLERKS**

10 **SECTION 39.11.(a)** Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

11 "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~
 12 ~~hundred sixty dollars (\$460.00)~~ four hundred seventy-two dollars (\$472.00) per week plus
 13 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
 14 at the rate provided for members of the General Assembly for one round trip only from their
 15 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General
 16 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
 17 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
 18 shall serve during sessions only."

19 **SECTION 39.11.(b)** Effective July 1, 2022, G.S. 120-37(b), as amended by
 20 subsection (a) of this section, reads as rewritten:

21 "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~
 22 ~~hundred seventy two dollars (\$472.00)~~ four hundred eighty-three dollars (\$483.00) per week plus
 23 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
 24 at the rate provided for members of the General Assembly for one round trip only from their
 25 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General
 26 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
 27 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
 28 shall serve during sessions only."
 29

30 **COMMUNITY COLLEGES**

31 **SECTION 39.12.(a)** Community college personnel shall receive the following
 32 legislative salary increases:

- 33 (1) Effective July 1, 2021, the State Board of Community Colleges shall provide:
 - 34 a. Community college non-faculty personnel with an across-the-board
 - 35 salary increase in the amount of two percent (2%).
 - 36 b. Community college faculty personnel with an across-the-board salary
 - 37 increase in the amount of three and one-half percent (3.5%).
- 38 (2) Effective July 1, 2022, the State Board of Community Colleges shall provide:
 - 39 a. Community college non-faculty personnel with an across-the-board
 - 40 salary increase in the amount of two percent (2%).
 - 41 b. Community college faculty personnel with an across-the-board salary
 - 42 increase in the amount of three and one-half percent (3.5%).

43 **SECTION 39.12.(b)** The minimum salaries for nine-month, full-time curriculum
 44 community college faculty for the 2021-2022 fiscal year are as follows:

Education Level	Minimum Salary
	2021-2022
47 Vocational Diploma/Certificate or Less	\$38,896
48 Associate Degree or Equivalent	39,437
49 Bachelor's Degree	41,784
50 Master's Degree or Education Specialist	43,865
51 Doctoral Degree	46,867

1 **SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum
 2 community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	Minimum Salary 2022-2023
Vocational Diploma/Certificate or Less	\$40,257
Associate Degree or Equivalent	40,817
Bachelor's Degree	43,246
Master's Degree or Education Specialist	45,400
Doctoral Degree	48,507

10 **SECTION 39.12.(c)** No full-time faculty member shall earn less than the minimum
 11 salary for the faculty member's education level. The pro rata hourly rate of the minimum salary
 12 for each education level shall be used to determine the minimum salary for part-time faculty
 13 members.

14 **SECTION 39.12.(d)** Effective July 1, 2021, no State-funded community college
 15 employee shall earn less than thirteen dollars (\$13.00) per hour.

16 **SECTION 39.12.(e)** Effective July 1, 2022, no State-funded community college
 17 employee shall earn less than fifteen dollars (\$15.00) per hour.

18
 19 **THE UNIVERSITY OF NORTH CAROLINA**

20 **SECTION 39.13.(a)** Except as provided by subsection (b) of this section, employees
 21 of The University of North Carolina shall receive the following legislative salary increases:

- 22 (1) Effective July 1, 2021, the Board of Governors of The University of North
 23 Carolina shall provide SHRA employees, EHRA faculty, and teachers
 24 employed by the North Carolina School of Science and Mathematics with an
 25 across-the-board salary increase in the amount of two and one-half percent
 26 (2.5%).
- 27 (2) Effective July 1, 2022, the Board of Governors of The University of North
 28 Carolina shall provide SHRA employees, EHRA faculty, and teachers
 29 employed by the North Carolina School of Science and Mathematics with an
 30 across-the-board salary increase in the amount of two and one-half percent
 31 (2.5%).

32 **SECTION 39.13.(b)** EHRA nonfaculty employees are not eligible to receive the
 33 legislative salary increases awarded by subsection (a) of this section.

34
 35 **CORRECTIONAL OFFICER SALARY SCHEDULE**

36 **SECTION 39.14.(a)** State employees serving as correctional officers in the
 37 Department of Public Safety, Division of Adult Correction, shall be compensated at a specific
 38 pay rate on the basis of a salary schedule determined according to the duration of the employee's
 39 correctional officer work experience.

40 **SECTION 39.14.(b)** The following annual salary schedule applies under subsection
 41 (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and
 42 July 1, 2022, respectively:

Experience	FY 2021-22			FY 2022-23		
	COI	COII	COIII	COI	COII	COIII
45 0	\$33,130	\$34,220	\$36,598	\$33,958	\$35,076	\$37,513
46 1	\$35,449	\$36,615	\$39,160	\$36,335	\$37,530	\$40,139
47 2	\$37,576	\$38,812	\$41,510	\$38,515	\$39,782	\$42,548
48 3	\$39,455	\$40,753	\$43,586	\$40,441	\$41,772	\$44,676
49 4	\$41,033	\$42,383	\$45,329	\$42,059	\$43,443	\$46,462
50 5	\$42,264	\$43,654	\$46,689	\$43,321	\$44,745	\$47,856

1 6+ \$43,109 \$44,527 \$47,623 \$44,187 \$45,640 \$48,814

2
3 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

4 **SECTION 39.15.(a)** Law enforcement officers of the State Highway Patrol, Alcohol
5 Law Enforcement, and the State Bureau of Investigation compensated pursuant to an
6 experience-based salary schedule shall be compensated based on the officer's respective work
7 experience pursuant to the salary schedule in subsection (b) of this section.

8 **SECTION 39.15.(b)** The following annual salary schedule applies under subsection
9 (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for
10 each respective fiscal year:

11	12	13	14	15	16	17	18	19
	Years of Experience		FY 2021-22		FY 2022-23			
13	0		47,384		48,569			
14	1		50,464		51,726			
15	2		53,744		55,088			
16	3		57,237		58,669			
17	4		60,957		62,482			
18	5		64,919		66,543			
19	6+		69,139		70,868			

20
21 **MOST STATE EMPLOYEES**

22 **SECTION 39.16.** Unless otherwise expressly provided by this Part, the annual
23 salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be
24 legislatively increased as provided by Section 39.1 of this act:

- 25 (1) Permanent, full-time State officials and persons whose salaries are set in
26 accordance with the State Human Resources Act.
- 27 (2) Permanent, full-time State officials and persons in positions exempt from the
28 State Human Resources Act.
- 29 (3) Permanent, part-time State employees.
- 30 (4) Temporary and permanent hourly State employees.

31
32 **ALL STATE-SUPPORTED PERSONNEL**

33 **SECTION 39.17.(a)** The legislative salary increases provided by this act in each
34 year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to
35 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to
36 June 30, 2021, for the 2021-2022 fiscal year or June 30, 2022, for the 2022-2023 fiscal year.

37 **SECTION 39.17.(b)** For the 2021-2023 fiscal biennium, payroll checks issued to
38 employees after July 1, 2021, and July 1, 2022, respectively, that represent payment of services
39 provided prior to July 1 of each year shall not be eligible for salary increases provided for in this
40 act.

41 **SECTION 39.17.(c)** This section applies to all employees paid from State funds,
42 whether or not subject to or exempt from the North Carolina Human Resources Act, including
43 employees of public schools, community colleges, and The University of North Carolina.

44
45 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

46 **SECTION 39.18.(a)** The Office of State Budget and Management shall ensure that
47 the appropriations made by this act for legislatively mandated salary increases and employee
48 benefits are used only for those purposes.

49 **SECTION 39.18.(b)** If the Director of the Budget determines that funds appropriated
50 to a State agency for legislatively mandated salary increases and employee benefits exceed the
51 amount required by that agency for those purposes, the Director may reallocate those funds to

1 other State agencies that received insufficient funds for legislatively mandated salary increases
2 and employee benefits.

3 **SECTION 39.18.(c)** Funds appropriated for legislatively mandated salary and
4 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
5 to provide salary increases in excess of those required by the General Assembly, or to increase
6 the budgeted salary of filled positions to the minimum of the position's respective salary range.

7 **SECTION 39.18.(d)** Any funds appropriated for legislatively mandated salary and
8 employee benefit increases in excess of the amounts required to implement the increases shall be
9 credited to the Pay Plan Reserve.

10 **SECTION 39.18.(e)** No later than May 1, 2022, for the 2021-2022 fiscal year, and
11 subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and
12 Management shall report to the Joint Legislative Commission on Governmental Operations and
13 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary
14 increases and employee benefits. This report shall include at least the following information for
15 each State agency for each year of the 2021-2023 fiscal biennium:

- 16 (1) The total amount of funds that the agency received for legislatively mandated
17 salary increases and employee benefits.
- 18 (2) The total amount of funds transferred from the agency to other State agencies
19 pursuant to subsection (b) of this section. This section of the report shall
20 identify the amounts transferred to each recipient State agency.
- 21 (3) The total amount of funds used by the agency for legislatively mandated salary
22 increases and employee benefits.
- 23 (4) The amount of funds credited to the Pay Plan Reserve.

24 25 **PAY PLAN RESERVE/CORRECTIONAL OFFICERS/COURT PERSONNEL**

26 **SECTION 39.19.** Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

27 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
28 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other
29 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to
30 fund statutory and scheduled pay expenses authorized by:

- 31 (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant
32 to an experience-based salary schedule.
- 33 (2) G.S. 7A-102.
- 34 (3) G.S. 7A-171.1.
- 35 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 36 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General
37 Assembly.
- 38 (6) The Act, for law enforcement officers of the State Bureau of Investigation and
39 Alcohol Law Enforcement.
- 40 (7) The Act, for correctional officers compensated pursuant to the Correctional
41 Officer Salary Schedule.
- 42 (8) The Act, for Trial Court Administrators, Court Coordinators, Judicial
43 Assistants I, and Judicial Assistants II employed by the Administrative Office
44 of the Courts."

45 46 **STATE AGENCY TEACHERS**

47 **SECTION 39.20.** Employees of schools operated by the Department of Health and
48 Human Services, the Department of Public Safety, and the State Board of Education who are
49 paid on the Teacher Salary Schedule shall be paid as authorized under this act.

50

1 **ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE**
2 **WORKERS**

3 **SECTION 39.21.(a)** One-Time Bonus. – Of the funds appropriated in this act to the
4 Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one
5 hundred thirty-three million dollars (\$133,000,000) shall be used to distribute a one-time
6 payment to eligible providers to be passed along as a one-time bonus payment to each of the
7 eligible direct care workers employed by the eligible provider for continuing to provide critical
8 services during the COVID-19 pandemic. Up to one million dollars (\$1,000,000) of these funds
9 may be used by DHHS to administer this one-time bonus payment program.

10 **SECTION 39.21.(b)** Eligible Provider. – For the purposes of this section, the term
11 "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice
12 program in any of the following provider categories:

- 13 (1) Providers who provide services through the following Medicaid waiver
14 programs:
 - 15 a. The Community Alternatives Program for Children (CAP/C).
 - 16 b. The Community Alternatives Program for Disabled Adults
17 (CAP/DA).
 - 18 c. The North Carolina Innovations waiver.
 - 19 d. The Traumatic Brain Injury (TBI) waiver.
- 20 (2) Personal care services (PCS) providers.
- 21 (3) Intermediate care facilities for individuals with intellectual disabilities
22 (ICF/IIDs), including ICF/IID-level group homes.
- 23 (4) Home health providers.
- 24 (5) Nursing homes.
- 25 (6) Behavioral health residential facilities, including Level III and Level IV
26 residential treatment facilities, psychiatric residential treatment facilities
27 (PRTFs), medical management and crisis stabilization facilities, and facilities
28 providing inpatient substance use disorder treatment.

29 **SECTION 39.21.(c)** Eligible Direct Care Workers. – An eligible provider shall
30 designate its employees who are direct care workers eligible for the one-time bonus payment
31 program authorized by this section. Only employees who meet all of the following criteria may
32 be so designated by an eligible provider:

- 33 (1) The employee is a direct care worker as determined by DHHS. DHHS shall
34 include workers who do at least one of the following in the definition of direct
35 care worker:
 - 36 a. Interact directly with patients or clients.
 - 37 b. Provide direct care support services at a licensed health care facility.
- 38 (2) The employee has been employed by the same eligible provider since March
39 10, 2020, through August 1, 2021.
- 40 (3) The employee has worked at least 1,000 hours providing direct care services
41 between March 10, 2020, and August 1, 2021.
- 42 (4) The employee is not an employee of the State or otherwise eligible for any
43 employment-related bonus under this act.

44 **SECTION 39.21.(d)** Procedure to Participate. – To participate in the one-time bonus
45 payment program, each eligible provider shall submit the number of direct care workers the
46 provider has designated as eligible, including a description of the position held by any direct care
47 worker the provider has designated as eligible that supports designation that the position meets
48 the criteria of direct care worker, to DHHS by no later than September 1, 2021. Prior to receiving
49 any funds, the eligible provider shall submit an attestation that any funds received in accordance
50 with this section shall be provided directly to designated eligible direct care workers by no later
51 than November 1, 2021.

1 Upon receipt of the information and attestation required by this subsection from an
 2 eligible provider, and no later than October 1, 2021, DHHS shall review the submitted
 3 information provided against historical Medicaid and NC Health Choice claims data of that
 4 eligible provider to evaluate the reasonableness of the submitted number of direct care workers
 5 designated as eligible for the one-time bonus payment under this section. No payment shall be
 6 made to an eligible employer until all information submitted is reviewed and the total number of
 7 potential eligible direct care workers is ascertained. If, based upon the information submitted by
 8 a provider, DHHS determines that the number of direct care workers designated is not correct or
 9 that the provider is not an eligible provider, then, by no later than October 15, 2021, DHHS shall
 10 provide notice to the provider and include the reason for the determination and the number of
 11 eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes
 12 any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to
 13 make full payment as was applied for in case that determination is later modified.

14 No later than October 15, 2021, DHHS shall issue a one-time payment, including
 15 associated payroll costs, to each eligible provider in the amount required to provide bonuses to
 16 eligible direct workers, subject to the other requirements of this section.

17 **SECTION 39.21.(e) Bonus Amount Calculation.** – Subject to the requirements of
 18 subsection (d) of this section, the amount of the one-time bonus available for eligible direct care
 19 workers shall be calculated as the lesser of the following amounts:

- 20 (1) One hundred thirty-three million dollars (\$133,000,000) minus both the
 21 amount used by DHHS for administration of this one-time bonus payment
 22 program and the amount determined to be necessary to cover the associated
 23 payroll costs for each eligible provider divided by the total number of direct
 24 care workers designated by eligible providers as eligible employees.

- 25 (2) Two thousand dollars (\$2,000).

26 **SECTION 39.21.(f)** Any funds remaining after all payments are made to eligible
 27 providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

28 **SECTION 39.21.(g)** Nothing in this section shall be construed to create an
 29 entitlement to the distribution of funds by DHHS under this section.

30
 31 **SALARY-RELATED CONTRIBUTIONS**

32 **SECTION 39.22.(a)** Effective for the 2021-2023 fiscal biennium, required employer
 33 salary-related contributions for employees whose salaries are paid from department, office,
 34 institution, or agency receipts shall be paid from the same source as the source of the employee's
 35 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
 36 part from department, office, institution, or agency receipts, required employer salary-related
 37 contributions may be paid from the General Fund or Highway Fund only to the extent of the
 38 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
 39 employee, and the remainder of the employer's requirements shall be paid from the source that
 40 supplies the remainder of the employee's salary. The requirements of this section as to source of
 41 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
 42 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
 43 severance pay, separation allowances, and applicable disability income benefits.

44 **SECTION 39.22.(b)** Effective July 1, 2021, the State's employer contribution rates
 45 budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022
 46 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 47 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 48 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 49 below:

Teachers and State	State LEOs	ORPs	CJRS	LRS
-----------------------	---------------	------	------	-----

	Employees					
1 Retirement	16.38%	16.38%	6.84%	40.02%	28.43%	
2 Disability	0.09%	0.09%	0.09%	0.00%	0.00%	
3 Death	0.13%	0.13%	0.00%	0.00%	0.66%	
4 Retiree Health	6.28%	6.28%	6.28%	6.28%	6.28%	
5 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%	

Total Contribution						
Rate	22.88%	27.88%	13.21%	46.30%	35.37%	

10 The rate for teachers and State employees and State law enforcement officers includes
 11 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

12 **SECTION 39.22.(c)** Effective July 1, 2022, the State's employer contribution rates
 13 budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023
 14 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 15 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 16 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 17 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
21 Retirement	16.73%	16.73%	6.84%	40.63%	27.83%
22 Disability	0.09%	0.09%	0.09%	0.00%	0.00%
23 Death	0.13%	0.13%	0.00%	0.00%	0.66%
24 Retiree Health	6.56%	6.56%	6.56%	6.56%	6.56%
25 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

Total Contribution					
Rate	23.51%	28.51%	13.49%	47.19%	35.05%

29 The rate for teachers and State employees and State law enforcement officers includes
 30 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

31 **SECTION 39.22.(d)** Effective July 1, 2021, the maximum annual employer
 32 contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina
 33 State Health Plan for Teachers and State Employees for each covered employee and the average
 34 covered retiree are as follows:

- 35 (1) For employees, seven thousand ten dollars (\$7,010).
- 36 (2) For retirees, four thousand eight hundred fifty dollars (\$4,850). In applying
 37 this subdivision, the annual employer contribution for the average retiree shall
 38 be calculated assuming the retiree enrollment counts remain at the April 2021
 39 level throughout the 2021-2022 fiscal year.

40 **SECTION 39.22.(e)** Effective July 1, 2022, the maximum annual employer
 41 contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina
 42 State Health Plan for Teachers and State Employees for each covered employee or retiree are as
 43 follows:

- 44 (1) For employees, seven thousand three hundred thirty dollars (\$7,330).
- 45 (2) For retirees, five thousand seventy-two dollars (\$5,072).

46
 47 **ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE**
 48 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
 49 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
 50 **RETIREMENT SYSTEM**

51 **SECTION 39.23.(a)** G.S. 135-5 is amended by adding new subsections to read:

1 "(xxx) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
2 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose
3 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)
4 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
5 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
6 made, then the payment shall be payable to the member's legal representative. No beneficiary
7 shall be deemed to have acquired a vested right to any future supplemental payments.

8 (yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living
9 supplement payment shall be made to or on account of beneficiaries who are living as of
10 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The
11 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as
12 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the
13 beneficiary dies before the payment is made, then the payment shall be payable to the member's
14 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
15 supplemental payments."

16 **SECTION 39.23.(b)** G.S. 135-65 is amended by adding new subsections to read:

17 (ii) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
18 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose
19 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)
20 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
21 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
22 made, then the payment shall be payable to the member's legal representative. No beneficiary
23 shall be deemed to have acquired a vested right to any future supplemental payments.

24 (ji) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living
25 supplement payment shall be made to or on account of beneficiaries who are living as of
26 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The
27 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as
28 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the
29 beneficiary dies before the payment is made, then the payment shall be payable to the member's
30 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
31 supplemental payments.

32 **SECTION 39.23.(c)** G.S. 120-4.22A is amended by adding new subsections to read:

33 "(cc) In accordance with subsection (a) of this section, on or before October 31, 2021, a
34 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
35 are living as of September 1, 2021, and whose retirement commenced on or before September 1,
36 2021. The payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance
37 payable as of September 1, 2021, and shall not be prorated for date of retirement commencement.
38 If the beneficiary dies before the payment is made, then the payment shall be payable to the
39 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
40 any future supplemental payments.

41 (dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or
42 before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on
43 account of beneficiaries who are living as of September 1, 2022, and whose retirement
44 commenced on or before September 1, 2022. The payment shall be two percent (2.0%) of the
45 beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be
46 prorated for date of retirement commencement. If the beneficiary dies before the payment is
47 made, then the payment shall be payable to the member's legal representative. No beneficiary
48 shall be deemed to have acquired a vested right to any future supplemental payments."

49 **SECTION 39.23.(d)** Notwithstanding any other provision of law to the contrary, in
50 order to administer the one-time cost-of-living supplement for retirees provided for in
51 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department

1 of State Treasurer may increase receipts from the retirement assets of the corresponding
2 retirement system or pay costs associated with the administration of the payment directly from
3 the retirement assets.

4
5 **INCREASE IN IN-SERVICE DEATH BENEFITS FOR MEMBERS OF THE**
6 **LEGISLATIVE RETIREMENT SYSTEM**

7 The General Assembly of North Carolina enacts:

8 **SECTION 39.24.(a)** G.S. 120-4.27 reads as rewritten:

9 **"§ 120-4.27. Death benefit.**

10 ~~The designated beneficiary of a member who dies while in service after completing one year~~
11 ~~of creditable service shall receive a lump-sum payment of an amount equal to the deceased~~
12 ~~member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For~~
13 ~~purposes of this death benefit "in service" means currently serving as a member of the North~~
14 ~~Carolina General Assembly. "In service" also means service in the Uniformed Services, as that~~
15 ~~term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment~~
16 ~~Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the~~
17 ~~participant does not return immediately after that service to employment with a covered employer~~
18 ~~in this System, then the participant shall be deemed "in service" until the date on which the~~
19 ~~participant was first eligible to be separated or released from his or her involuntary military~~
20 ~~service.~~

21 (a) Death Benefit Generally. – The death benefit provided by this section shall be
22 designated a group life insurance benefit payable under an employee welfare benefit plan that is
23 separate and apart from the Retirement System but under which the members of the Retirement
24 System shall participate and be eligible for group life insurance benefits. The Board of Trustees
25 is authorized to provide the death benefit in the form of group life insurance either by purchasing
26 a contract or contracts of group life insurance with any life insurance company or companies
27 licensed and authorized to transact business in the State of North Carolina for the purpose of
28 insuring the lives of qualified members in service, or by establishing or affiliating with a separate
29 trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

30 (b) Death While in Service. – The designated beneficiary of a member who dies while in
31 service after completing one year of creditable service shall receive a lump-sum payment of fifty
32 thousand dollars (\$50,000). For purposes of this section, the phrase "in service" means a member
33 who is either of the following:

- 34 (1) Currently serving as a member of the North Carolina General Assembly.
35 (2) Engaged in service in the Uniformed Services, as that term is defined in
36 section 4303(16) of the Uniformed Services Employment and Reemployment
37 Rights Act, Public Law 103-353, if that service begins during the member's
38 term of office. If the member does not return immediately after that service in
39 the Uniformed Services to employment with a covered employer in the
40 Retirement System, then the member shall be deemed to have been "in
41 service" until the date on which the member was first eligible to be separated
42 or released from involuntary military service.

43 (c) Death of a Retired Member. – Upon receipt of ~~proof,~~ proof satisfactory to the Board
44 of ~~Trustees,~~ Trustees of the death of a retired member of the Retirement System or Retirement
45 ~~Fund Fund,~~ a death benefit shall be paid as follows:

- 46 (1) If the death of the retired member occurs on or after July 1, 1988, but before
47 January 1, 1999, there shall be paid a death benefit shall be paid to the
48 surviving spouse of a the deceased retired member, or to the deceased retired
49 member's legal representative if not survived by a spouse; provided the retired
50 member has elected, when first eligible, to make, and has continuously made,
51 in advance of his the member's death required contributions as determined by

1 the Retirement System on a fully contributory basis, through retirement
2 allowance deductions or other methods adopted by the Retirement System, to
3 a group death benefit trust fund administered by the Board of Trustees
4 separate and apart from the Retirement System's Annuity Savings Fund and
5 Pension Accumulation Fund. This death benefit shall be a lump-sum payment
6 in the amount of five thousand dollars (\$5,000) upon the completion of
7 twenty-four months of ~~contributions required under this subsection.~~ required
8 contributions. Should death occur before the completion of twenty-four
9 months of ~~contributions required under this subsection,~~ required
10 contributions, the deceased retired member's surviving spouse or legal
11 representative if not survived by a spouse shall be paid the sum of the retired
12 member's contributions required by this ~~subsection~~ subdivision plus interest
13 to be determined by the Board of Trustees.

14 (2) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
15 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
16 the retired member occurs on or after January 1, 1999, but before July 1, 2004,
17 ~~there shall be paid a death benefit~~ shall be paid to the surviving spouse of a
18 the deceased retired member, or to the deceased retired member's legal
19 representative if not survived by a spouse; provided the retired member has
20 elected, when first eligible, to make, and has continuously made, in advance
21 of ~~his~~ the member's death required contributions as determined by the
22 Retirement System on a fully contributory basis, through retirement allowance
23 deductions or other methods adopted by the Retirement System, to a group
24 death benefit trust fund administered by the Board of Trustees separate and
25 apart from the Retirement System's Annuity Savings Fund and Pension
26 Accumulation Fund. This death benefit shall be a lump-sum payment in the
27 amount of six thousand dollars (\$6,000) upon the completion of 24 months of
28 ~~contributions required under this subsection.~~ required contributions. Should
29 death occur before the completion of 24 months of ~~contributions required~~
30 ~~under this subsection,~~ required contributions, the deceased retired member's
31 surviving spouse or legal representative if not survived by a spouse shall be
32 paid the sum of the retired member's contributions required by this ~~subsection~~
33 subdivision plus interest to be determined by the Board of Trustees.

34 (3) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
35 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
36 the retired member occurs on or after July 1, 2004, but before July 1, 2007,
37 ~~there shall be paid a death benefit~~ shall be paid to the surviving spouse of a
38 the deceased retired member, or to the deceased retired member's legal
39 representative if not survived by a spouse; provided the retired member has
40 elected, when first eligible, to make, and has continuously made, in advance
41 of ~~his~~ the member's death required contributions as determined by the
42 Retirement System on a fully contributory basis, through retirement allowance
43 deductions or other methods adopted by the Retirement System, to a group
44 death benefit trust fund administered by the Board of Trustees separate and
45 apart from the Retirement System's Annuity Savings Fund and Pension
46 Accumulation Fund. This death benefit shall be a lump-sum payment in the
47 amount of nine thousand dollars (\$9,000) upon the completion of 24 months
48 of ~~contributions required under this subsection.~~ required contributions. Should
49 death occur before the completion of 24 months of ~~contributions required~~
50 ~~under this subsection,~~ required contributions, the deceased retired member's
51 surviving spouse or legal representative if not survived by a spouse shall be

- 1 paid the sum of the retired member's contributions required by this ~~subsection~~
2 subdivision plus interest to be determined by the Board of Trustees.
- 3 (4) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
4 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
5 ~~the retired member occurs~~ on or after July 1, 2007, but before January 1, 2015,
6 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
7 the deceased retired member, or to the deceased retired member's legal
8 representative if not survived by a spouse; provided the retired member has
9 elected, when first eligible, to make, and has continuously made, in advance
10 of ~~his~~ the member's death required contributions as determined by the
11 Retirement System on a fully contributory basis, through retirement allowance
12 deductions or other methods adopted by the Retirement System, to a group
13 death benefit trust fund administered by the Board of Trustees separate and
14 apart from the Retirement System's Annuity Savings Fund and Pension
15 Accumulation Fund. This death benefit shall be a lump-sum payment in the
16 amount of ten thousand dollars (\$10,000) upon the completion of 24 months
17 of ~~contributions required under this subsection.~~ required contributions. Should
18 death occur before the completion of 24 months of ~~contributions required~~
19 ~~under this subsection,~~ required contributions, the deceased retired member's
20 surviving spouse or legal representative if not survived by a spouse shall be
21 paid the sum of the retired member's contributions required by this ~~subsection~~
22 subdivision plus interest to be determined by the Board of Trustees.
- 23 (5) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
24 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
25 ~~the retired member occurs~~ on or after January 1, 2015, there shall be paid a
26 death benefit shall be paid to the person or persons designated by the member
27 or, if the member has not designated a beneficiary, to the surviving spouse of
28 the deceased retired member or, if not survived by a designated beneficiary or
29 spouse, to the deceased retired member's legal representative; provided the
30 retired member has elected, when first eligible, to make, and has continuously
31 made, in advance of the member's death required contributions as determined
32 by the Retirement System on a fully contributory basis, through retirement
33 allowance deductions or other methods adopted by the Retirement System, to
34 a group death benefit trust fund, the North Carolina Teachers' and State
35 Employees' Benefit Trust, administered by the Board of Trustees separate and
36 apart from the Retirement System's Annuity Savings Fund and Pension
37 Accumulation Fund. ~~Employer and non-employer contributions to the Benefit~~
38 ~~Trust and earnings on those contributions are irrevocable. The assets of the~~
39 ~~Benefit Trust are dedicated to providing benefits to members and beneficiaries~~
40 ~~in accordance with the Plan's benefit terms. The assets of the Benefit Trust are~~
41 ~~not subject to the claims of creditors of the employees and non-employees~~
42 ~~making contributions to the Benefit Trust, are not subject to the claims of any~~
43 ~~creditors of the Benefit Trust's trustees and administrators, and are not subject~~
44 ~~to the claims of creditors of members and beneficiaries. Benefit Trust assets~~
45 ~~may be used for reasonable expenses to administer benefits provided by the~~
46 ~~Fund as approved by the Board of Trustees.~~ The death benefit payable under
47 this ~~subsection~~ subdivision shall be a lump-sum payment in the amount of ten
48 thousand dollars (\$10,000) upon the completion of 24 months of ~~contributions~~
49 ~~required under this subsection.~~ required contributions. Should death occur
50 before the completion of 24 months of ~~contributions required under this~~
51 ~~subsection,~~ required contributions, the deceased retired member's designated

1 beneficiary or beneficiaries, or surviving spouse if not survived by a
2 designated beneficiary, or legal representative if not survived by a designated
3 beneficiary or spouse, shall be paid the sum of the retired member's
4 contributions required by this ~~subsection~~ subdivision plus interest to be
5 determined by the Board of Trustees."

6 **SECTION 39.24.(b)** Subsection (a) of this section is retroactively effective to
7 January 1, 2020, and applies to eligible deaths occurring on or after that date.

8 **SECTION 39.24.(c)** Of the funds appropriated in this act to the General Assembly,
9 the sum of thirty-five thousand eight hundred thirty eight dollars (\$35,838) in nonrecurring funds
10 for the 2021-2022 fiscal year shall be used to make a contribution to the Teachers' and State
11 Employees' Benefit Trust by December 31, 2021, to fund the increase in the Legislative
12 Retirement System death benefit authorized under G.S. 120-4.27, as amended by subsection (a)
13 of this act.

14 **SECTION 39.24.(d)** Except as otherwise provided, this section is effective when it
15 becomes law.

16 **ESTABLISH NC RETIREMENT HEALTH REIMBURSEMENT ARRANGEMENT**

17 **SECTION 39.25.(a)** Chapter 135 of the General Statutes is amended by adding a
18 new Article to read:

19 "Article 3C.

20 "NC Retirement Health Reimbursement Arrangement.

21 "Part 1. General.

22 **"§ 135-49.1. Definitions.**

- 23 (1) Eligible retiree. – A retired employee of an employing entity or a retired
24 member of the General Assembly who meets all of the following:
25 a. Is receiving monthly retirement benefits from the Teachers' and State
26 Employees' Retirement System, the Consolidated Judicial Retirement
27 System, the Legislative Retirement System, or the Optional
28 Retirement Programs established under G.S. 135-5.1 and
29 G.S. 135-5.4.
30 b. Either (i) first earned contributory retirement service in one of the
31 retirement systems listed in sub-subdivision a. of this subdivision after
32 January 1, 2021, or (ii) earned contributory retirement service in one
33 of those retirement systems prior to January 1, 2021, but withdrew that
34 service and later became a member of one of the retirement systems
35 again on or after January 1, 2021.
36 c. Is not eligible for participation in the State Health Plan for Teachers
37 and State Employees.
38 (2) Employee. – Any permanent (i) full-time employee or (ii) part-time employee
39 who is designated as half-time or more of an employing entity.
40 (3) Employing entity. – An entity participating in the Teachers' and State
41 Employees' Retirement System, the Consolidated Judicial Retirement System,
42 or the Optional Retirement Programs established under G.S. 135-5.1 and
43 G.S. 135-5.4.
44 (4) Health reimbursement arrangement or HRA. – A retiree-only health
45 reimbursement arrangement that, in accordance with 29 U.S.C. § 1191a, is not
46 subject to the requirements of Part 7 of Subtitle B of Subchapter I of Chapter
47 18 of Title 29 of the United States Code.
48 (5) NC Retirement HRA Fund. – The trust fund established under G.S. 135-49.60.
49 (6) Participant. – An eligible retiree who is currently participating in the NC
50 Retirement HRA.
51

1 (7) Potential participant. – An active employee or a member of the General
2 Assembly who either (i) first earned service in the Teachers' and State
3 Employees' Retirement System, the Consolidated Judicial Retirement System,
4 the Legislative Retirement System, or the Optional Retirement Programs
5 established under G.S. 135-5.1 and G.S. 135-5.4 on or after January 1, 2021,
6 or (ii) earned service prior to January 1, 2021, but withdrew that service and
7 later became a member of one of the retirement systems again on or after
8 January 1, 2021. Any individual eligible for participation in the State Health
9 Plan for Teachers and State Employees upon retirement is not a potential
10 participant.

11 **"§ 135-49.5. Creation and administration.**

12 (a) There is established a retiree-only health reimbursement arrangement known as the
13 NC Retirement HRA. Prior to enrolling in the NC Retirement HRA, an eligible retiree shall be
14 required to meet all criteria for participation under this Article.

15 (b) The NC Retirement HRA shall be administered by the State Treasurer in accordance
16 with this Article.

17 (c) The State Treasurer may adopt rules implementing this Article.

18 (d) In issuing the NC Retirement HRA plan documents, the State Treasurer shall ensure
19 that it is clear that the NC Retirement HRA is a retiree-only HRA.

20 (e) Contracts for administration of the NC Retirement HRA, governmental filings
21 associated with the NC Retirement HRA, and the administration of the NC Retirement HRA plan
22 itself shall be clearly separate from any benefit administered to non-retirees by the Department
23 of State Treasurer.

24 **"§ 135-49.10. No entitlement.**

25 (a) The General Assembly reserves the right to alter, amend, or repeal this Article. If the
26 General Assembly exercises this right, then, notwithstanding any representation in any plan
27 document issued pursuant to this Article or any other representations that may be made, no
28 employee or retiree shall have an entitlement, contract right, or any other right to any benefit
29 created under this Article.

30 (b) The State Treasurer may amend or repeal any rules adopted under this Article.

31 (c) This Article shall create no private cause of action to enforce its provisions in any
32 court of law or any other forum against the State, its agencies, departments, or institutions, or
33 any other officer, employee, or agent thereof.

34 **"Part 2. Participation in the NC Retirement HRA Provisions.**

35 **"§ 135-49.15. Participation in the NC Retirement HRA.**

36 (a) In order to be eligible for participation in the NC Retirement HRA, an eligible retiree
37 must meet all of the following criteria:

38 (1) The eligible retiree was an employee of an employing entity or a member of
39 the General Assembly during a period in which the General Assembly
40 assigned an NC Retirement HRA credit amount under G.S. 135-49.25(a).

41 (2) During any period of participation, the eligible retiree has not returned to work
42 at any employing entity and is not currently being paid for any work by any
43 employing entity, regardless of whether that work earns service in the
44 Teachers' and State Employees' Retirement System, the Consolidated Judicial
45 Retirement System, or the Optional Retirement Programs established under
46 G.S. 135-5.1 and G.S. 135-5.4.

47 (3) During any period of participation, the eligible retiree is not a member of the
48 General Assembly.

49 (b) Upon the first day of the month after the month in which an eligible retiree with a full
50 or reduced retirement benefit under the Teachers' and State Employees' Retirement System, the
51 Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional

1 Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4, an eligible retiree shall
2 be enrolled as a participant in the NC Retirement HRA provided that eligible retiree meets all of
3 the criteria for participation under this Article.

4 **"§ 135-49.20. Forfeiture of participation.**

5 (a) If a participant in the NC Retirement HRA dies, then the participant's individual NC
6 Retirement HRA account is immediately forfeited, except to the extent provided under subsection
7 (b) of this section.

8 (b) In the event of the death of a participant in the NC Retirement HRA, the participant's
9 estate or representatives may submit claims for eligible expenses. Claims shall be submitted no
10 later than 180 days after the participant's death.

11 (c) If any individual withdraws service earned in the Teachers' and State Employees'
12 Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement
13 System, or the Optional Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4,
14 then any credit amounts attributable to that individual under this Article will be forfeited and no
15 longer considered a period of employment under G.S. 135-49.15(a)(1). The following shall also
16 apply:

17 (1) There shall be no options for the purchase of any previous period of
18 employment that is forfeited under this section.

19 (2) Service purchased in any applicable retirement system shall not be considered
20 a period of employment under G.S. 135-49.15(a)(1).

21 **"§ 135-49.25. Deposits into participant HRA accounts.**

22 (a) Upon enrollment in the NC Retirement HRA, an individual NC Retirement HRA
23 account shall be created for the new participant. The State Treasurer shall deposit the amount
24 associated with the participant in accordance with G.S. 135-49.35 into that participant's
25 individual HRA account.

26 (b) In addition to the amount to be deposited under subsection (a) of this section, the State
27 Treasurer shall credit the participant's individual HRA account with any applicable prorated
28 investment returns minus any expenses of administering the NC Retirement HRA or the NC
29 Retirement HRA Fund for the time period in which the new participant was a potential
30 participant.

31 (c) At the end of each calendar year, the State Treasurer shall credit each participant's
32 individual HRA account with any applicable prorated investment returns. At this time, the State
33 Treasurer shall also debit, in equal amounts, each participant's individual HRA account with any
34 applicable expenses of administering the NC Retirement HRA or the NC Retirement HRA Fund.

35 **"§ 135-49.30. Use of HRA participant account funds.**

36 Funds in a participant's individual NC Retirement HRA account may only be used for
37 purposes allowable under federal law.

38 **"§ 135-49.35. NC Retirement HRA credit amounts.**

39 (a) Beginning with the 2022 calendar year, the General Assembly may set an annual
40 amount to be considered an NC Retirement HRA credit amount for that calendar year.

41 (b) If, by December 1 of any year, the General Assembly has not set an NC Retirement
42 HRA credit amount in accordance with subsection (a) of this section for the next calendar year,
43 then there shall be no NC Retirement HRA credit amount for the next calendar year.

44 (c) Credit amounts under this section shall be attributable to a potential participant on a
45 prorated basis. If a potential participant was not an employee or member of the General Assembly
46 for the full calendar year in which the General Assembly has set an NC Retirement HRA credit
47 amount, then, for any period in which the participant was not (i) employed for the entirety of the
48 corresponding pay period or (ii) a member of the General Assembly for a complete month, there
49 shall be no attributable credit amount for that pay period or month, as applicable.

50 (d) The Department of State Treasurer shall keep an accounting of the total credit
51 amounts under this section for each potential participant. Information regarding the total credit

1 amount attributable to a potential participant shall be readily available to that potential
2 participant.

3 **"§ 135-49.40. Contributions made for potential participants.**

4 (a) An employing entity that employs any potential participant for whom an NC
5 Retirement HRA credit amount would be attributable under this section shall submit the
6 applicable prorated portion of the credit amount due for each applicable employee to the
7 Department of State Treasurer each pay period.

8 (b) The General Assembly shall submit the applicable prorated portion of the credit
9 amount due for each potential participant to the Department of State Treasurer monthly.

10 (c) The Department of State Treasurer shall deposit all contributions made under this
11 section into the NC Retirement HRA Fund.

12 **"§ 135-49.45. Purchased service credit.**

13 Service purchased in any applicable retirement system shall not be considered a period of
14 employment under G.S. 135-49.15(a)(1).

15 "Part 3. NC Retirement HRA Fund.

16 **"§ 135-49.60. NC Retirement HRA trust fund created.**

17 (a) The NC Retirement HRA Fund is established as a trust fund in which accumulated
18 contributions made under G.S. 135-49.40, and any earnings on those contributions, shall be
19 deposited.

20 (b) The assets of the NC Retirement HRA Fund are dedicated to providing benefits to
21 participants in the NC Retirement HRA in accordance with the NC Retirement HRA benefit
22 terms, which may be amended in accordance with this Article.

23 (c) The Board of Trustees shall be the trustee for the NC Retirement HRA Fund.

24 (d) The assets of the NC Retirement HRA Fund are not subject to the claims of any of
25 the following:

26 (1) Creditors of the employers making contributions to the Retirement HRA
27 Fund.

28 (2) Creditors of the Fund's trustees and administrators.

29 (3) Creditors of account holders.

30 **"§ 135-49.65. Use of the NC Retirement HRA Fund funds.**

31 (a) Funds in the NC Retirement HRA Fund shall be used only for the NC Retirement
32 HRA, including payment of any accrued reasonable investment and administrative expenses.

33 (b) No funds shall be made available to any eligible retiree unless that eligible retiree is
34 a participant in the NC Retirement HRA."

35 **SECTION 39.25.(b)** G.S. 135-7(a) reads as rewritten:

36 "(a) Vested in Board of Trustees. – The Board of Trustees shall be the trustee of the several
37 funds created by this Chapter as provided in this section and in ~~G.S. 135-8~~G.S. 135-8 and
38 G.S. 135-49.4."

39 **SECTION 39.25.(c)** G.S. 147-69.2(a) is amended by adding a new subdivision to
40 read:

41 "(24) The NC Retirement HRA Fund."

42 **SECTION 39.25.(d)** The NC Retirement HRA credit amount for the 2022 calendar
43 year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C
44 of Chapter 135 of the General Statutes, as enacted by this section.

45 **SECTION 39.25.(e)** The NC Retirement HRA credit amount for the 2023 calendar
46 year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C
47 of Chapter 135 of the General Statutes, as enacted by this section.

48 **SECTION 39.25.(f)** This section becomes effective January 1, 2022.

49
50 **PART XL. CAPITAL**

1 **CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS**
 2 **APPROPRIATIONS**

3 **SECTION 40.1.(a)** The following agency capital improvement projects have been
 4 assigned a project code for reference to allocations in this Part, past allocations, and for intended
 5 project support by the General Assembly for future fiscal years:

6 **Agency Capital Improvement Project** **Project Code**

7 Administrative Office of the Courts–

8 Supreme Court & Court of Appeals-Lexan Windows AOC21-1

9
 10 Department of Agriculture and Consumer Services

11 Eaddy Building–Addition & Renovation DACS21-1

12 Tidewater Research Station–Swine Unit Replacements DACS21-2

13 NCFS–County Offices DACS21-3

14 NCFS–Region 1 Headquarters DACS21-4

15 Mountain Island State Forest—Improvements DACS21-5

16 Commissioner Troxler Building–New Chiller DACS21-6

17
 18 Department of Labor

19 Be Pro Be Proud–Skilled Trade Program Equipment DOL21-1

20
 21 Department of Health and Human Services

22 New Broughton Hospital–

23 New Maintenance Facility DHHS21-1

24
 25 Department of Environmental Quality

26 Reedy Creek Laboratory DEQ21-1

27 Water Resources Development Projects DEQ-WRD21

28
 29 Department of Natural and Cultural Resources

30 NC Museum of Art–Light Control DNCR21-1

31 NC Museum of Art–Amphitheater Restoration DNCR21-2

32 NC Museum of Natural History–Dueling Dinosaurs Lab DNCR21-3

33 Fort Fisher Historic Site–New Visitor Center DNCR21-4

34 Fort Fisher Aquarium–Aquarium Expansion DNCR21-5

35 NC Zoo–Asia/Australia Exhibits DNCR21-6

36 NC Zoo–Parking/Trams DNCR21-7

37 NC Transportation Museum–Powerhouse Renovation DNCR21-8

38 Thomas Day House DNCR21-9

39 Graveyard of the Atlantic DNCR21-10

40 Historic Sites DNCR21-11

41 Pisgah View State Park DNCR21-12

42 NC Museum of History–Expansion DNCR21-13

43 NC Transportation Museum–Train Shed Renovation DNCR21-14

44 NC Museum of Art–Science Laboratory & Education Center DNCR21-15

45 NC Museum of Art–The Porch venue DNCR21-16

46 NC Museum of Art–Community Arts & Education Center DNCR21-17

47 NC Museum of Art–Repairs & Renovations DNCR21-18

48
 49 Department of Administration

50 DHHS/Dix Campus Relocation DOA21-1

51 Dix Campus Relocation–Utilities & Mail Service Warehouse DOA21-2

1	State Gov't. Complex Chiller Plant	DOA21-3
2	DHHS/Utility Infrastructure Support	DOA21-4
3		
4	Department of Insurance	
5	Office of State Fire Marshal–	
6	Land Development & Training Center	DOI21-1
7		
8	Department of Public Instruction	
9	Center for the Advancement of Teaching	DPI21-1
10		
11	Department of Public Safety	
12	Richmond Regional JDC–Raise the Age Renovations	DPS21-1
13	Samarcand–Live Fire Training Building	DPS21-2
14	Samarcand–Driving Track	DPS21-3
15	Samarcand–Parking Lot	DPS21-4
16	East Montgomery–Safer Schools Training Academy	DPS21-5
17	State Highway Patrol–	
18	Viper Building	DPS21-6
19	Garner Road Armory	DPS21-7
20	State Bureau of Investigation–	
21	Headquarters & Building 12 Renovation	DPS21-9
22	National Guard–	
23	Federal Match Funding Pool	NG21-1
24	Nash County Readiness Center	NG21-2
25	Burke County Readiness Center	NG21-3
26	Guilford Regional Readiness Center	NG21-4
27		
28	General Assembly	
29	Renovations/Elevator Repair	NCGA21-1
30	Downtown Government Complex/Master Plan	NCGA21-2
31	Covered Walkway	NCGA21-3
32	Old State Capitol	NCGA21-4
33		
34	The University of North Carolina	
35	North Carolina State University–	
36	Apiculture Facility	UNC/NCS21-1
37	E-Sports Facility	UNC/NCS21-2
38	E-Sports Truck	UNC/NCS21-3
39	S.T.E.M. Building	UNC/NCS20-1
40	University of North Carolina at Chapel Hill–	
41	Business School	UNC/CH20-1
42	Nursing School Renovation	UNC/CH20-2
43	Ackland Art Museum	UNC/CH21-1
44	Elizabeth City State University–	
45	New Residence Hall	UNC/ECS21-1
46	Sky Bridge	UNC/ECS21-2
47	New Dining Facility	UNC/ECS21-3
48	Flight School	UNC/ECS21-4
49	Crime Lab	UNC/ECS21-5
50	Appalachian State University–	
51	Peacock Hall/Business	UNC/ASU21-1

1	North Carolina School of Science and Math-Morganton–	
2	Repair & Renovation and Wellness Center	UNC/SSM21-1
3	North Carolina Central University–	
4	Lab Equipment	UNC/NCC21-1
5	East Carolina University–	
6	Brody School of Medicine	UNC/ECU21-1
7	University of North Carolina at Pembroke–	
8	Health Sciences Center	UNC/PEM21-1
9	Fayetteville State University–	
10	Dormitories	UNC/FSU21-1
11	College of Education	UNC/FSU21-2
12	Parking Deck	UNC/FSU21-3
13	Western Carolina University–	
14	Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
15	Winston-Salem State University–	
16	K.R. Williams Auditorium	UNC/WSS21-1
17		
18	Repairs and Renovations-The University of North Carolina	UNC/R&R21
19	Repairs and Renovations-State Agencies (non-UNC)	R&R21
20	Community College Capital Allocations	CC21
21	UNC- Engineering North Carolina's Future	UNC/ENG21
22	Connect NC Bond Funds	CNC21
23	Historic Sites	HIST21
24	SCIF-Related Personnel	PERS21
25	OSBM Flexibility Funds	FLEX21

26 **SECTION 40.1.(b)** This subsection authorizes the following capital projects and
 27 allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the
 28 authorized projects. The authorizations provided in this subsection represent the maximum
 29 amount of funding from the State Capital and Infrastructure Fund that may be expended on each
 30 project. An additional action by the General Assembly is required to increase the maximum
 31 authorization for any of the projects listed.

32 There is allocated from the State Capital and Infrastructure Fund to the Office of State
 33 Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital
 34 improvement project codes, as defined in subsection (a) of this section:

35 **Capital Improvements–**

36	State Capital and	Total	FY	FY
37	Infrastructure Fund	Project Authorization	2021-2022	2022-2023
38	AOC21-1	\$135,000	\$135,000	–
39	DACS21-1	1,632,000	1,632,000	–
40	DACS21-2	3,518,000	3,518,000	–
41	DACS21-3	4,000,000	4,000,000	–
42	DACS21-4	8,000,000	4,000,000	–
43	DACS21-5	1,500,000	1,500,000	–
44	DACS21-6	2,400,000	2,400,000	–
45	DOL21-1	5,000,000	5,000,000	–
46	DHHS21-1	1,600,000	1,600,000	–
47	DEQ21-1	55,000,000	5,500,000	13,750,000
48	DEQ-WRD21	N/A	44,469,664	35,231,560
49	DNCR21-1	1,000,000	1,000,000	–
50	DNCR21-2	4,448,102	4,448,102	–
51	DNCR21-3	2,500,000	2,500,000	–

1	DNCR21-4	8,000,000	4,000,000	—
2	DNCR21-5	10,000,000	5,000,000	5,000,000
3	DNCR21-6	75,000,000	41,233,563	33,766,437
4	DNCR21-7	5,000,000	5,000,000	—
5	DNCR21-8	4,000,000	4,000,000	—
6	DNCR21-9	800,000	800,000	—
7	DNCR21-10	4,200,000	4,200,000	—
8	DNCR21-11	15,000,000	15,000,000	—
9	DNCR21-12	12,200,000	9,000,000	3,200,000
10	DNCR21-13	60,000,000	8,000,000	15,000,000
11	DNCR21-14	6,000,000	6,000,000	—
12	DNCR21-15	6,500,000	6,500,000	—
13	DNCR21-16	5,000,000	5,000,000	—
14	DNCR21-17	3,000,000	3,000,000	—
15	DNCR21-18	5,000,000	5,000,000	—
16	DOA21-1	244,000,000	50,000,000	60,500,000
17	DOA21-2	13,700,000	13,700,000	—
18	DOA21-3	21,875,000	10,286,748	11,588,252
19	DOA21-4	5,000,000	5,000,000	—
20	DOI21-1	3,500,000	3,500,000	—
21	DPI21-1	23,416,952	19,482,815	3,934,137
22	DPS21-1	10,702,952	10,702,952	—
23	DPS21-2	1,831,000	1,831,000	—
24	DPS21-4	475,000	475,000	—
25	DPS21-5	4,170,000	4,170,000	—
26	NG21-1	N/A	8,000,000	—
27	NG21-2	9,500,000	500,000	9,000,000
28	NG21-3	3,250,000	150,000	3,100,000
29	NG21-4	15,700,000	15,700,000	—
30	NCGA21-1	2,450,000	2,450,000	—
31	NCGA21-2	13,191,316	1,800,000	—
32	NCGA21-3	8,000,000	3,000,000	5,000,000
33	NCGA21-4	6,300,000	300,000	6,000,000
34	UNC/NCS21-1	4,000,000	4,000,000	—
35	UNC/NCS21-2	12,000,000	6,000,000	6,000,000
36	UNC/NCS21-3	4,000,000	4,000,000	—
37	UNC/NCS20-1	160,000,000	18,250,000	36,500,000
38	UNC/CH20-1	150,000,000	10,000,000	18,750,000
39	UNC/CH20-2	45,000,000	13,750,000	18,000,000
40	UNC/CH21-1	120,000,000	6,000,000	15,000,000
41	UNC/ECS21-1	40,000,000	10,000,000	30,000,000
42	UNC/ECS21-2	2,500,000	2,500,000	—
43	UNC/ECS21-3	7,500,000	7,500,000	—
44	UNC/ECS21-4	34,000,000	4,000,000	10,000,000
45	UNC/ECS21-5	2,500,000	2,500,000	—
46	UNC/ASU21-1	25,000,000	12,500,000	12,500,000
47	UNC/SSM21-1	12,000,000	12,000,000	—
48	UNC/NCC21-1	3,011,000	3,011,000	—
49	UNC/ECU21-1	215,000,000	21,500,000	53,750,000
50	UNC/PEM21-1	91,000,000	9,100,000	22,750,000
51	UNC/FSU21-1	40,000,000	4,000,000	10,000,000

1	UNC/FSU21-2	63,000,000	6,300,000	15,750,000
2	UNC/FSU21-3	10,000,000	10,000,000	–
3	UNC/WCU	9,200,000	9,200,000	–
4	UNC/WSS21-1	57,000,000	5,700,000	14,250,000
5	UNC/R&R21	N/A	250,000,000	250,000,000
6	R&R21	N/A	261,978,608	560,331,238
7	CC21	400,000,000	100,000,000	100,000,000
8	CNC21	258,000,000	182,333,333	17,491,667
9	PERS21	N/A	2,000,000	2,000,000
10	FLEX21	100,000,000	50,000,000	50,000,000
11	UNC/ENG21	90,000,000	45,000,000	45,000,000

12 **SECTION 40.1.(c)** Funds allocated for project codes R&R21 and UNC/R&R21 in
13 subsection (b) of this section for the 2021-2023 fiscal biennium shall be utilized for repairs and
14 renovations pursuant to G.S. 143C-8-13. The cost for any single repair and renovation project
15 for a State agency other than The University of North Carolina that is not otherwise specifically
16 authorized in this Part shall not exceed fifteen million dollars (\$15,000,000). The Office of State
17 Budget and Management shall consult with or report to the Joint Legislative Commission on
18 Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of
19 Governors shall report to the Joint Legislative Commission on Governmental Operations in
20 accordance with G.S. 143C-8-13(b).

21 **SECTION 40.1.(c1)** Of the funds allocated for project code R&R21, the following
22 sums shall be allocated for the following projects:

- 23 (1) One million six hundred seventy-three thousand five hundred dollars
24 (\$1,673,500) for the 2021-2022 fiscal year to the Department of Justice for
25 repairs and renovations at the Edneyville Justice Academy.
- 26 (2) Two million eight hundred thirty-six thousand nine hundred fifty-two dollars
27 (\$2,836,952) for the 2021-2022 fiscal year to the Department of Justice for
28 repairs and renovations at the Salemburg Justice Academy.
- 29 (3) Three million six hundred seventy-five thousand dollars (\$3,675,000) for the
30 2021-2022 fiscal year to the Department of Health and Human Services for
31 repair and renovation of the Avery Building on the Broughton Hospital
32 campus.
- 33 (4) Five hundred thousand dollars (\$500,000) for each fiscal year of the
34 2021-2023 fiscal biennium to the Department of Natural and Cultural
35 Resources for repairs and renovations projects at Tryon Palace.
- 36 (5) Two million dollars (\$2,000,000) for the 2021-2022 fiscal year to the
37 Department of Public Instruction for repairs and renovations of the historic
38 Superintendent's House located on the campus of North Carolina School for
39 the Deaf to preserve and enhance the existing structure and site for the
40 preservation and display of artifacts and exhibits related to the history of
41 Broughton Hospital and other historic structures in the area, and for use as a
42 multipurpose venue.
- 43 (6) One million one hundred thousand dollars (\$1,100,000) for the 2021-2022
44 fiscal year to the Department of Public Instruction for repairs and renovations
45 to the chapel located on the campus of the North Carolina School for the Deaf.
- 46 (7) Four million five hundred thousand dollars (\$4,500,000) for the 2021-2022
47 fiscal year to the Department of Public Safety for repairs and renovations
48 related to the Safer Schools Training Academy.
- 49 (8) Three million six hundred forty thousand dollars (\$3,640,000) to the
50 Department of Revenue for security improvements at various locations
51 throughout the State.

(9) It is the intent of the General Assembly to provide repair and renovation funding to the Department of Administration for the Mail Service Center relocation project beginning with the 2023-2024 fiscal year.

SECTION 40.1.(c2) Of the funds allocated for project code UNC/R&R21, the following sums shall be allocated for the following projects:

(1) Thirty million dollars (\$30,000,000) for each fiscal year of the 2021-2023 fiscal biennium to North Carolina State University for repairs and renovations to Dabney Hall.

(2) Ten million dollars (\$10,000,000) for the 2021-2022 fiscal year to North Carolina State University for repairs and renovations to Polk Hall.

SECTION 40.1.(d) The Board of Governors of The University of North Carolina shall utilize the funds allocated for project code UNC/R&R21 in subsection (b) of this section for the projects listed in this subsection. The Board of Governors may reallocate those funds in accordance with G.S. 143C-8-13(b); provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution and the amount allocated for a specific project in this Part may not be reduced for any constituent institution. The Board of Governors is authorized to utilize funds allocated for project code UNC/R&R21 that are available after allocation for specific projects authorized in this Part and that exceed the amount needed to fund intended projects at the constituent institutions as listed in this subsection. The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to the projects listed in this subsection. The Board of Governors may prioritize funding for the following proposed projects that the General Assembly intends to fund through the 2023-2025 fiscal biennium:

UNC Constituent Institution	Proposed Project Cost
Appalachian State University–	
Wey Hall Envelope & Roof Repair	\$5,000,000
Wey Hall Partial Renovation–Building Systems	10,000,000
Walker Hall HVAC Repair & Upgrades	500,000
Walker Hall Envelope & Structural Repair	1,300,000
Campus-Wide Electronic Door Access Installation	1,500,000
Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
Smith Wright Hall Roof Repair & Replacement	1,000,000
Holmes Convocation Center Chiller	200,000
BB Dougherty Chiller Repair	100,000
Facilities Operations/Motorpool Wall Repairs	300,000
John E. Thomas Chiller Compressor Upgrades	250,000
Anne Belk Hall Hot Water Piping Replacement	500,000
Edwin Duncan Hall HVAC & Lighting Improvements	800,000
John E. Thomas Envelope	300,000
Howard Street Hall Road Opening	200,000
Holmes Convocation Center VAV Replacement	150,000
Peacock Elevator Upgrade	200,000
University Hall Sprinkler System	250,000
Duncan Hall Renovation	20,000,000
Total Proposed Project Authorizations- Appalachian State University	43,150,000
East Carolina University–	
Brody High-Rise Code Compliance, Phase 2	6,000,000
Main Campus-College Hill Drive Steam, Phase 3	2,500,000
Whichard Building Comprehensive Renovation	10,000,000
Speight Building Roof, Window, & Envelope Replacement	4,000,000

1	Chilled Water Extension to Whichard & Graham	6,475,000
2	Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
3	Health Science Building Envelope Infiltration Repairs	5,000,000
4	Brody Building Freight Elevators-Emergency Power	250,000
5	Science & Technology-Replace Roof	400,000
6	Old Cafeteria Building-Install Steam Manhole & Replace Piping	300,000
7	Health Science Campus Catwalks/Central Utility Plant	225,000
8	Warren Life Sciences-Replace Roof-Section B	300,000
9	Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
10	Bate Upgrade Elevators (2)	350,000
11	Rivers-Replace Roof	300,000
12	Christenbury-Replace Roof	410,000
13	Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
14	Brody Chilled Water Loop Valve Replacement	100,000
15	Jenkins Art North Building Envelope Repairs	1,750,000
16	McGinnis Scene Shop-Replace Roof	100,000
17	Brody-Inline Fan Replacement, Phase 1	200,000
18	Jenkins Art-Replace Distribution Sub Panels, Westside Jenkins Art	225,000
19	Messick-Upgrade/Replace Elevator	150,000
20	Building 127-Upgrade/Replace Elevator	150,000
21	Coastal Studies Annex-Repair & Coat Siding & Roofing	100,000
22	School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades	
23	(HVAC & Indoor Air Quality)	203,000
24	Main Campus Steam Plant-Install Steam Blanket for Boilers	100,000
25	McGinnis Auditorium-Upgrade/Replace Elevator	300,000
26	Brewster-HVAC Controls Optimization/D Wing	400,000
27	Greenville Centre-HVAC Controls Upgrade	
28	(Specific Remote Terminal Unit Variable Air Volumes)	300,000
29	Plate & Frame Heat Exchanger for Science & Technology/	
30	Central Chiller Plant w/Controls Upgrade	300,000
31	Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000
32	Carol Belk Building-HVAC System (Specific Variable Air Volume Integration)	300,000
33	Rivers Building-HVAC System (Specific Variable Air Volume)	300,000
34	Austin Building-Air Handlers Replacement	1,500,000
35	Warren Life Sciences-Extend Sprinkler System to Original Section	181,000
36	Building 43-Upgrade Freight Elevator/Replace Shaft and Jack	230,000
37	Main Campus-Replace Power Distribution System Steam Plant	250,000
38	Biotechnology Building-Upgrade Laboratory Exhaust System	452,000
39	Biotechnology Building-Replace Exhaust Fans	130,134
40	Repair & Repave Service Drive at West End Dining/	
41	Behind White Residence Hall	150,000
42	Wright Building/Wright Auditorium-Fire Alarm System Upgrade	300,000
43	Old Cafeteria & Ragsdale Annex-Replace Roof	240,000
44	Brody School of Medicine-Replace Computer Room Air Conditioning Units	200,000
45	Cotanche Data Center-Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
46	Howell Science Building South	30,000,000
47	Total Proposed Project Authorizations- East Carolina University	93,335,134
48	Elizabeth City State University-	
49	Repair Campus Main Switch	700,000
50	Repair Campus Pump Station	650,000
51	Infrastructure Upgrades-Water & Electrical, Phase 1	12,000,000

1	Emergency Generator Power–Operations	4,900,000
2	Emergency Generator Power–Residence Halls	2,100,000
3	Campus-Wide Lockdown System	2,000,000
4	Building Demolition (4 Buildings)	1,500,000
5	Butler Residence Hall Renovations	2,500,000
6	Underground Infrastructure–	
7	(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
8	Underground Infrastructure–	
9	(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
10	Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
11	Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
12	(Pool, flooring, ceilings & building envelope)	550,000
13	Fine Arts–Roof Replacement	200,000
14	Dixon Hall–Classroom & Laboratory Renovations	400,000
15	ITC–Air Handler Replacement	300,000
16	Lester Hall–Demolition	495,000
17	Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
18	Total Proposed Project Authorizations- Elizabeth City State University	56,145,000
19	Fayetteville State University–	
20	Lyons Science Renovation	1,500,000
21	Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
22	A.B. Rosenthal Building–Targeted Renovation	10,000,000
23	Campus-Wide Utility Infrastructure	9,950,000
24	Barber/Collins Admin Complex–Roof Replacement	200,000
25	Campus-Wide Exterior Lighting Retrofit	400,000
26	Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
27	Telecom–Roof Replacement	150,000
28	Butler–Roof Replacement	650,000
29	Chesnutt–MEP (Generator)	400,000
30	Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
31	University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000
32	FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
33	Harris CBE–Precast Concrete Structural Repair	100,000
34	Cook–Exterior Stairs & Patio Repairs	100,000
35	J. Knuckles Science Annex–Roof Replacement	150,000
36	H.T. Chick–Targeted Renovation	9,500,000
37	Total Proposed Project Authorizations- Fayetteville State University	38,850,000
38	North Carolina Agricultural & Technical State University–	
39	Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
40	Price Hall–Renovation, Phase 1	8,000,000
41	Marteen Hall Renovation	9,100,000
42	General Classroom, B Side–Roof Repairs	1,241,107
43	Boiler Replacement	1,459,200
44	Hines Hall–HVAC Modifications	300,000
45	Waterproofing Buildings	600,000
46	IRC Building–HVAC Repairs/Replacement	705,274
47	Dudley–HVAC Repairs/Controls	403,305
48	McNair Hall–HVAC Repairs	250,000
49	Elevator Repairs/Replacement	450,000
50	Campus-Wide Steam Leaks	500,000
51	Building Steam System Repairs	200,000

1	Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
2	Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
3	Window Replacement	200,000
4	1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
5	Asbestos Abatement	150,000
6	Campus-Wide–Back Flow Preventors	300,000
7	Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
8	Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
9	Price Hall Renovation, Phase 2	8,500,000
10	Total Proposed Project Authorizations- North Carolina Agricultural &	
11	Technical State University	53,558,886
12	North Carolina Central University–	
13	Lee Biology Renovation	8,100,000
14	B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
15	Art Museum–Roof Replacement	250,000
16	Campus-Wide Steam System Repairs	
17	(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
18	Robinson Science Building–Repair & Restore Brick Façade	300,000
19	Hubbard Totton Building–Elevator Replacement	350,000
20	Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
21	William Jones Building–HVAC Upgrades	450,000
22	Walker PE Complex–Elevator Replacement	350,000
23	Sanitary Sewer System–	
24	(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
25	Roof Gutters & Vent Repairs	310,000
26	Taylor Building–Repair & Restore Brick Façade	161,000
27	Water System–Re-route South and East Sides/Increase Capacity	135,000
28	Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
29	Fire Alarm Systems Upgrades & Repairs	250,000
30	Steam Plant–Roof Repair	40,000
31	Asbestos/Mold Remediation & Contaminants Removal	300,000
32	Shepard Library–ITS/NOC/HVAC Upgrades	230,000
33	Fine Arts Building–Fire Alarm System Replacement	495,000
34	Miller Morgan Building–VFDs Replacement	80,000
35	B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
36	Edmonds Building–Brick Façade Repair & ADA Access	
37	(Ease of Entry & Code Compliant Steps and Handrails)	245,300
38	Taylor Education Building Renovation	13,750,000
39	Total Proposed Project Authorizations- North Carolina Central University	53,300,000
40	North Carolina School of Science and Mathematics–	
41	Campus-Wide HVAC Renovations	2,000,000
42	Chiller Replacement	3,000,000
43	Building Envelope Repairs	5,850,000
44	Cafeteria Renovation	2,500,000
45	Academic Commons & Dining Hall Renovation	12,400,000
46	Total Proposed Project Authorizations- North Carolina School of Science &	
47	Mathematics	25,750,000
48	North Carolina State University–	
49	Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
50	Scott Hall–HVAC Renovation	5,000,000
51	Mann Hall–HVAC & Plumbing Renovation	10,000,000

1	Kilgore Hall–HVAC Renovation	10,000,000
2	North & Central Campus–Domestic Water Line Replacement	4,303,000
3	Poe Hall–Fire Protection Systems	3,500,000
4	Thomas Hall–HVAC Renovation	4,000,000
5	Research Building III–HVAC Upgrades	900,000
6	Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
7	Scott Hall Labs–Renovation	2,500,000
8	Brooks Hall–Renovation, Phase 1	1,500,000
9	Mann Hall–Electrical Upgrades	950,000
10	Thomas Hall Labs–Renovation	1,000,000
11	CVM Equine AHU Replacement	300,000
12	McKimmon–ADA Improvements/Restrooms	500,000
13	Morrill Drive Domestic Water Line Replacement	661,000
14	Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research–	
15	Fire Alarm Panel Replacement	250,000
16	Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
17	Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
18	Campus-Wide Asbestos Removal Steam System	650,000
19	Caldwell Hall–Pointing & Caulking	100,000
20	Research Building I–AHU Replacement	850,000
21	Research Building IV–HVAC Upgrades	1,100,000
22	Centennial Campus–Repair Steam Leaks	550,000
23	CVM Main–Fire Alarm Upgrade, Phase 3	400,000
24	Mann Hall–Fire Sprinkler System	500,000
25	Campus Steam Leak Repair–MH13	200,000
26	Gardner Labs–Renovation	480,000
27	Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
28	Campus Cooling Tower Refurbish at CBC	250,000
29	Biltmore–Code Deficiencies	2,000,000
30	Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
31	Campus Chilled Water System Improvements	575,000
32	Kilgore–Foundation Waterproofing	350,000
33	Cox–Pointing & Caulking	300,000
34	Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
35	Yarborough–Chiller Controls Upgrade	146,000
36	Campus Sewer Line Replacement/Court of NC	175,000
37	111 Lampe Drive Renovation	42,000,000
38	Total Proposed Project Authorizations- North Carolina State University	102,404,000
39	University of North Carolina at Asheville–	
40	Campus Safety Improvements, Access Control, Cameras	2,300,000
41	Campus Roadway Repairs	4,400,000
42	Campus-Wide–Arc Flash Compliance, Phase II	150,000
43	Replace & Upgrade Fueling Station/Compliant Storage Tanks & System	
44	(FCAP #31053)	150,000
45	Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
46	Replace Walkways in Tennent Park/ADA Accessible Path to	
47	Main Quadrangle/Carmichael Hall	250,000
48	Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
49	Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000
50	Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
51	Rework Intersection at Edgewood & University Heights	250,000

1	Utility Location Survey/Installation of Underground Utility Markers	200,000
2	Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
3	Underground Waterline Repairs–	
4	(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
5	Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
6	Campus-Wide–Install Sub-Metering in all Buildings:	
7	(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
8	Replace Sidewalks at Zageir Hall	150,000
9	Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
10	118 W.T. Weaver–HVAC Replacement	
11	(Replace Major HVAC Equip./Update Controls)	518,974
12	Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
13	Lipinsky Renovation	10,000,000
14	Total Proposed Project Authorizations- University of North Carolina at	
15	Asheville	20,999,974
16	University of North Carolina at Chapel Hill–	
17	Wilson Library–Means of Egress	9,300,000
18	Swain Hall–Targeted Renovation	5,800,000
19	Phillips Hall–1958 Central HVAC System	6,000,000
20	Hamilton Hall–Central HVAC System	8,800,000
21	Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
22	Wilson Library–1953 Central HVAC System AHU 3	4,000,000
23	462 Art Studio Bldg.–Steel Roof	219,772
24	12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
25	209 First Dental–Replace Roofing/Slate Roof	565,120
26	166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
27	625 ITS Building–Manning–Replace Roofing/Built-Up Roof	672,719
28	27 Memorial Hall–Replace Barrel Roof	330,000
29	226 Old Clinic–Replace Built-Up Roof	283,355
30	5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
31	228 Brinkhous-Bullitt Building–Electrical Service & Distribution	
32	(Replace Main/Sub-Distribution)	4,843,986
33	12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
34	12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
35	41 Coastal Process Environmental Health Lab Building–	
36	System Cumulative Deficiencies	675,000
37	13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
38	13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
39	3 Ackland Art Museum–Install Bldg. Automation System	236,625
40	13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
41	14 Dey Hall–Repair & Renovate Elevator #4576	407,206
42	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
43	AHU 01/Office, 1st Floor	255,456
44	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
45	AHU 02/Mail/Book Room, 1st Floor	272,402
46	462 Art Studio Building–Install Fire Sprinkler System	326,540
47	211 Brauer Hall–Fire Alarm Systems:	
48	Replace Fire Alarm Initiating Devices & Control Panel	565,868
49	13 Davie Hall–Fire Alarm Systems:	
50	Replace Fire Alarm Control Panel	135,985
51	498 Kenan Center–Fire Alarm Systems:	

1	Replace Initiating Devices & Control Panel	200,000
2	3 Ackland Art Museum–Air Handling Units:	
3	(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
4	24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
5	3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
6	328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
7	228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
8	229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
9	Total Proposed Project Authorizations- University of North Carolina at	
10	Chapel Hill	61,348,094
11	University of North Carolina at Charlotte–	
12	Atkins Library Tower–ADA & Elev.	10,000,000
13	Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
14	Atkins Library Tower–Fire & Smoke Systems	3,840,000
15	Woodward–Controls & Lab HVAC Modernization	2,700,000
16	Friday–HVAC, Controls & Electrical Upgrade	9,700,000
17	Atkins–Roof	911,250
18	Reese–Roof	226,100
19	Reese–Fire Systems	773,500
20	Memorial Hall–Fire Systems	327,250
21	Duke–HVAC & Controls	654,500
22	Friday–Roof	1,011,000
23	RUP-2–HVAC & Controls	416,500
24	King–Fire Systems & Abatement	729,000
25	Fretwell–HVAC & Controls	1,574,009
26	Memorial Hall–Envelope	120,311
27	Memorial Hall–Roof	188,792
28	Reese–Envelope	995,269
29	King–Envelope	839,459
30	Grigg–HVAC & Controls	561,202
31	Friday–Fire Systems	631,072
32	Rowe–Elevators	156,334
33	Rowe–Electrical	154,042
34	Fretwell–Fire Systems	362,670
35	Cameron–Second Floor Renovation	19,100,000
36	Burson–Renovation	25,900,000
37	Total Proposed Project Authorizations- University of North Carolina at	
38	Charlotte	87,822,260
39	University of North Carolina at Greensboro–	
40	Coleman–Fire Alarm Replacement	2,440,000
41	Steam Distribution Replacement, Phase IV-B	1,550,000
42	Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
43	Petty Bldg.–Portico Waterproofing	712,031
44	MHRA Building–Fire Alarm System Replacement	985,327
45	Mossman Bldg.–Roof Replacement	773,128
46	Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
47	UNCG State Building–Exterior Envelope Repairs	762,000
48	Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
49	Replace Generator Diesel Fuel Tank	839,175
50	Campus-Wide–Replace Property-Line Fences/Replace Underground	
51	Piping for Roof Drainage	230,000

1	Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
2	Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
3	Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
4	Campus-Wide Walks and Hardscape Improvements	240,000
5	Campus-Wide Asbestos & Lead Abatement	240,000
6	Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
7	Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
8	Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
9	996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–	
10	Fire Alarm Upgrade	250,000
11	Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
12	Jackson Library–Renovation/Addition	81,000,000
13	Total Proposed Project Authorizations- University of North Carolina at	
14	Greensboro	104,264,845
15	University of North Carolina at Pembroke–	
16	Jacobs Hall–Demolition/Site Restoration	1,250,000
17	Campus Roof Replacements	1,500,000
18	Campus Safety & Regional Emergency Response Center	4,480,000
19	Campus Gas Line Replacement	550,000
20	Jones Pool–HVAC Replacement	1,300,000
21	Livermore & Jones–Generator	424,500
22	Honors College–Renovation	250,000
23	Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
24	Education–Boiler Replacement	110,000
25	Chavis–Air Handlers	390,000
26	Moore Hall & Chavis–Boiler Replacement	190,000
27	Lumbee Hall & Old Main–Elevator Replacement	465,000
28	Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
29	Jones–Ceiling Repaint	110,000
30	Business Administration Renovation	12,500,000
31	Total Proposed Project Authorizations- University of North Carolina at	
32	Pembroke	24,826,500
33	University of North Carolina School of the Arts–	
34	Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
35	Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
36	Performance Place/Workplace/WPV–Roof Replacements	2,435,000
37	Gray Building–New Electrical Service Main	256,000
38	Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
39	Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille–	
40	Install Exit/Egress Lighting	115,000
41	Workplace–Renovate Drama Studios	448,000
42	Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
43	Workplace–Renovate Drama Administrative Offices	323,000
44	Facilities Management–Install Shop Exhaust & Heating System	95,000
45	Gray Building–Remove Boilers	123,000
46	Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
47	Film Archives Building–A/C & Controls	485,000
48	Performance Place, Film 2–	
49	Provide Heating/Cooling to Control Booth and Foley Booth	87,000
50	Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
51	Film School–Paint Rooftop Components	81,000

1	Facilities Management–Resurface Drives/Vehicle Staging	75,000
2	Design & Production–Renovate Administrative/Faculty Offices	162,000
3	Design & Production–Mechanical System Retrocommissioning	134,000
4	Campus-Wide ADA/Misc. Improvements	39,000
5	Chapel St. Buildings–Roof Replacement	34,000
6	300 Waughtown–Exterior Waterproofing & Repairs	73,000
7	Film School, Building 3–Theater Dimmers	232,000
8	Hanes Student Commons–Motor Control Center	150,000
9	Commons Building–Upgrade Air Distribution & Controls	93,000
10	Commons–Partial Interior Renovation	75,000
11	Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
12	Stevens Center Renovation, Phase 1	25,000,000
13	Total Proposed Project Authorizations- University of North Carolina School	
14	of the Arts	39,617,000
15	University of North Carolina at Wilmington–	
16	Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
17	West Side Energy Plant Modernization	3,926,440
18	Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
19	Warehouse/Receiving–Replace Fire Alarm System	161,000
20	Telecommunications–Replace Fire Alarm System	62,000
21	Kenan Auditorium–Fire/Life Safety Improvements	75,000
22	Isaac Bear Bldg.–Fire Sprinkler	410,000
23	Alderman Hall–Replace Windows	280,000
24	Randall Library Renovation & Expansion	61,500,000
25	Total Proposed Project Authorizations- University of North Carolina at	
26	Wilmington	78,844,440
27	Western Carolina University–	
28	Killian Building–HVAC Upgrades/Window Replacement	3,570,000
29	Reid Building–Roof Replacement	2,520,000
30	Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
31	Moore Building–Infrastructure & Accessibility	4,200,000
32	HFR Building–Roof Replacement	660,000
33	Campus-Wide Fire Alarm System Upgrades	300,000
34	Reid Building–Gym Floor Replacement	275,000
35	Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
36	Facilities Management Building–Roof Replacement	193,000
37	Highlands Biological Station–Structural Repairs	250,000
38	Ramsey Activities Center–Elevator Replacement	250,000
39	HFR Building–Chiller Replacement	200,000
40	Old Student Union–Foundation & Exterior Repair	450,000
41	Hunter Library–Cooling Tower Replacement	175,000
42	Campus-Wide Egress Lighting/Exit Light Replacement	100,000
43	Moore Building Renovation	15,000,000
44	Total Proposed Project Authorizations- Western Carolina University	38,243,000
45	Winston-Salem State University–	
46	Hauser Hall Renovations–Restore the Core	9,500,000
47	Computer Science–Roof Repair	120,000
48	Gaines Complex–Roof Replacement	660,000
49	Computer Science–Exterior Wall Repairs	110,000
50	W.B. Atkinson–Exterior Wall Repairs	125,000
51	Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000

1	O'Kelly Library–Upgrade HVAC Make-Up Air System	375,000
2	1600 Lowery St.–Add Fire Alarm System	125,000
3	Campus-Wide Fire Alarm System Upgrades	750,000
4	R.J. Reynolds–Roof Replacement	205,000
5	Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
6	O'Kelly Library–Upgrade Electrical System	250,000
7	Hauser Hall–Renovation, Phase 2	7,500,000
8	Total Proposed Project Authorizations- Winston-Salem State University	21,445,000
9	PBS North Carolina–	
10	Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
11	Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
12	Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
13	Total Proposed Project Authorizations- PBS North Carolina	6,027,000
14	North Carolina Arboretum–	
15	Infrastructure Restoration & Road Projects	1,000,000
16	Total Proposed Project Authorizations- North Carolina Arboretum	1,000,000
17	SECTION 40.1.(e) Of the funds in the State Capital and Infrastructure Fund	
18	allocated in subsection (b) of this section for project code CC21, the following amounts are	
19	allocated for capital improvement projects at community colleges in this State in the aggregate	
20	amount of four hundred million dollars (\$400,000,000). Funds allocated pursuant to this	
21	subsection shall be used for the purpose of issuing allotted proceeds to community colleges for	
22	new construction or rehabilitation of existing facilities and repairs and renovations in accordance	
23	with the following:	
24	Community College	Proceeds Allotment
25	Alamance CC	\$ 7,938,704
26	Asheville-Buncombe TCC	\$ 8,265,643
27	Beaufort County CC	\$ 4,149,414
28	Bladen CC	\$ 3,520,119
29	Blue Ridge CC	\$ 2,905,574
30	Brunswick CC	\$ 2,278,736
31	Caldwell CC and TI	\$ 6,909,954
32	Cape Fear CC	\$ 9,986,372
33	Carteret CC	\$ 3,375,700
34	Catawba Valley CC	\$ 8,655,880
35	Central Carolina CC	\$10,031,233
36	Central Piedmont CC	\$20,000,000
37	Cleveland CC	\$ 7,598,247
38	Coastal Carolina CC	\$ 8,460,455
39	College of the Albemarle	\$ 6,376,529
40	Craven CC	\$ 5,765,056
41	Davidson County CC	\$ 6,755,089
42	Durham TCC	\$ 6,188,478
43	Edgecombe CC	\$ 5,417,837
44	Fayetteville TCC	\$20,000,000
45	Forsyth TCC	\$14,572,113
46	Gaston College	\$ 9,009,858
47	Guilford TCC	\$19,525,968
48	Halifax CC	\$ 2,996,526
49	Haywood CC	\$ 2,105,434
50	Isothermal CC	\$ 5,007,321
51	James Sprunt CC	\$ 3,144,017

1	Johnston CC	\$ 5,111,793
2	Lenoir CC	\$11,826,322
3	Martin CC	\$ 2,190,242
4	Mayland CC	\$ 3,829,850
5	McDowell TCC	\$ 2,173,649
6	Mitchell CC	\$ 3,397,210
7	Montgomery CC	\$ 1,860,231
8	Nash CC	\$ 7,753,111
9	Pamlico CC	\$ 1,222,332
10	Piedmont CC	\$ 3,001,442
11	Pitt CC	\$14,535,241
12	Randolph CC	\$ 5,418,451
13	Richmond CC	\$ 7,526,958
14	Roanoke Chowan CC	\$ 2,217,281
15	Robeson CC	\$ 6,555,976
16	Rockingham CC	\$ 4,407,523
17	Rowan-Cabarrus CC	\$12,614,170
18	Sampson CC	\$ 5,203,976
19	Sandhills CC	\$ 4,970,448
20	Southeastern CC	\$ 6,701,009
21	South Piedmont CC	\$ 5,560,411
22	Southwestern CC	\$ 5,020,226
23	Stanly CC	\$ 5,610,190
24	Surry CC	\$ 7,888,312
25	Tri-County CC	\$ 2,055,656
26	Vance-Granville CC	\$ 7,394,217
27	Wake TCC	\$20,000,000
28	Wayne CC	\$ 9,149,360
29	Western Piedmont CC	\$ 3,947,229
30	Wilkes CC	\$ 5,514,320
31	Wilson CC	\$ 4,402,607

32 **SECTION 40.1.(f)** There is created within the Community Colleges System Office
33 the Community Colleges Building Fund as an interest-bearing capital project fund. At the
34 beginning of each fiscal year, the Office of State Budget and Management shall transfer an
35 amount equal to the amount allocated for community college capital projects in the most recent
36 Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds
37 disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities,
38 repairs and renovations, building of technology infrastructure, and the purchase of measures to
39 ensure building security. Projects for facilities for centralized administration, trailers, relocatable
40 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such
41 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life
42 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or
43 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and
44 capital needs to administer the proceeds from the Community Colleges Building Fund and shall
45 prioritize allocation of funds among projects for new construction and repairs and renovations
46 by ranking the projects for the various community colleges according to greatest need and the
47 ability for disbursed funds to be expended and projects completed expeditiously.

48 A county that is a development tier three area, as provided in the annual ranking
49 performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar
50 year, shall provide local matching funds from county funds, other non-State funds, or a
51 combination of these sources for such proceeds in the amount of one dollar (\$1.00) of local

1 matching funds for every one dollar (\$1.00) of such proceeds. The provisions of G.S. 115D-31,
2 or any other provision of law permitting prior expenditures to be used for match purposes, do not
3 apply for purposes of meeting the matching funds requirements of this section. For rehabilitation
4 of existing facilities and repairs and renovations, community colleges are not required to match
5 proceeds allocated in this section. Each community college receiving the proceeds allocated
6 pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to
7 the Community Colleges System Office on the projects funded from those allocations, and the
8 Community Colleges System Office shall combine the reports and submit them in accordance
9 with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or
10 authorized prior to July 1, 2021. The amount distributed to any single community college shall
11 not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest
12 credited to the Community Colleges Building Fund shall revert to the State Capital and
13 Infrastructure Fund.

14 **SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office
15 shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government
16 Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with a focus on
17 potential remodeling expenditures and the use of temporary workspace options to more
18 effectively renovate and remodel State-owned property for the following:

- 19 (1) The Department of Public Instruction/Education Building.
- 20 (2) Dobbs Building.
- 21 (3) Bath Building.
- 22 (4) Albemarle Building.
- 23 (5) The Department of Administration Building.

24 The expanded Government Facilities Master Plan outlined in this subsection shall
25 also consider available options for consolidating the facilities of the Department of Commerce,
26 The University of North Carolina System Office, the Community Colleges System Office, and
27 the Department of Public Instruction into a single location located in the downtown government
28 complex.

29 **SECTION 40.1.(h)** In connection with the expanded Government Facilities Master
30 Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the
31 Alternative Workplace Requirements methodology developed for the State of North Carolina
32 during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct
33 a study of the Albemarle Building to determine the necessary space to house the Office of the
34 State Auditor, considering the necessary amount of square footage that employees, or groups of
35 employees, need in order to perform the required tasks for their positions. The cost of the study
36 described in this subsection shall not exceed one hundred thousand dollars (\$100,000) and shall
37 be funded utilizing funds available to the Department of Insurance.

38 **SECTION 40.1.(j)** For project code NCGA21-4, the Legislative Services Office
39 shall utilize the funds allocated to develop a long-term master maintenance plan for the State
40 Capitol Building, including the Capitol Square, with a focus on the roof of the structure and
41 potential capital repairs, rehabilitation, renovation, and restoration expenditures for the structure
42 and its infrastructure system components. The Legislative Services Office shall seek input from
43 the Department of Natural and Cultural Resources and The North Carolina State Capitol
44 Foundation, Inc., to ensure the integrity and historic significance of the structure is properly
45 considered and maintained.

46 **SECTION 40.1.(k)** For project code NCGA21-4, the General Assembly shall be
47 considered the funded agency, pursuant to G.S. 143-135.26(1) and, notwithstanding
48 G.S. 143-341 or any other provision of law to the contrary, shall have final authority over any
49 rehabilitation, renovation, or restoration activity identified by the long-term master maintenance
50 plan developed pursuant to subsection (j) of this section. The Department of Administration and
51 the Department of Natural and Cultural Resources shall provide resources and guidance to the

1 Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken
2 pursuant to this subsection. Any rehabilitation, renovation, or restoration activity undertaken
3 pursuant to this subsection shall be in compliance with G.S. 143-138.

4 **SECTION 40.1.(l)** Section 1(e) of S.L. 2020-81 reads as rewritten:

5 **"SECTION 1.(e)** For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the
6 University of North Carolina at Chapel Hill is authorized to spend up to one hundred fifty million
7 dollars (\$150,000,000) on the project, but shall commit to providing funding of at least
8 seventy-five million dollars (\$75,000,000) from non-State sources on or before June 30, 2022,
9 as a match for the intended State allocations totaling seventy-five million dollars (\$75,000,000)
10 for the project."

11 **SECTION 40.1.(m)** Section 1(f) of S.L. 2020-81 reads as rewritten:

12 **"SECTION 1.(f)** For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North
13 Carolina State University is authorized to spend up to one hundred sixty million dollars
14 (\$160,000,000) on the project, but shall commit to providing funding of at least eighty million
15 dollars (\$80,000,000) from non-State sources on or before June 30, 2022, as a match for the
16 intended State allocations totaling eighty million dollars (\$80,000,000) for the project."

17 **SECTION 40.1.(m1)** For project code UNC/CH21-1, the University of North
18 Carolina at Chapel Hill is authorized to spend up to one hundred twenty million dollars
19 (\$120,000,000) on the project, but shall commit to providing funding of at least sixty million
20 dollars (\$60,000,000) from non-State sources on or before June 30, 2024, as a match for the
21 intended State allocations totaling sixty million dollars (\$60,000,000) for the project.

22 **SECTION 40.1.(n)** For the Gaston Aquatics Center (Center) grant allocated in this
23 Part, Gaston Aquatics, Inc., a nonprofit organization, shall match the sum of two million dollars
24 (\$2,000,000) to the Center for pool construction on a one-to-one basis. The Center shall have
25 four years in which to raise the matching funds. Upon raising the initial sum of one million dollars
26 (\$1,000,000) in non-State funding, the Center shall receive the sum of one million dollars
27 (\$1,000,000). Upon raising an additional sum of one million dollars (\$1,000,000), the Center
28 shall receive the sum of one million dollars (\$1,000,000). Funds allocated in this Part to the
29 Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and
30 Infrastructure Fund.

31 **SECTION 40.1.(o)** For the Gaston Community Foundation grant allocated in this
32 Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars
33 (\$2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the
34 matching funds. Upon raising the initial sum of one million dollars (\$1,000,000) in non-State
35 funding, the Foundation shall receive the sum of one million dollars (\$1,000,000). Upon raising
36 an additional sum of one million dollars (\$1,000,000), the Foundation shall receive the sum of
37 one million dollars (\$1,000,000). Funds allocated in this Part to the Foundation that have not
38 been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

39 **SECTION 40.1.(p)** From the funds allocated in this Part to the Gaston County
40 Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred
41 thousand dollars (\$500,000) upon raising matching funds in the sum of five hundred thousand
42 dollars (\$500,000) in non-State funds. Funds allocated in this Part that have not been disbursed
43 by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

44 **SECTION 40.1.(q)** For project code DACS21-4, the Department of Agriculture and
45 Consumer Services shall select a site located in Duplin County for the construction of the new
46 Region One headquarters for the North Carolina Forestry Service.

47 **SECTION 40.1.(q1)** Section 3.9 of S.L. 2020-97 reads as rewritten:

48 **"SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision
49 (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those
50 purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used
51 by the Department of Agriculture and Consumer Services for the following purposes:

- 1 (1) ~~The purchase and renovation of an existing facility for use as a regional~~
2 ~~headquarters and training facility construction authorization and partial~~
3 ~~support of construction of a Region One headquarters and training facility for~~
4 ~~the North Carolina Forest Service. The facility shall include, but is not limited~~
5 ~~to, an office building with classrooms, an equipment maintenance facility, and~~
6 ~~multibay equipment shelters.~~
7 (2) Support of operations and other receipt-supported activities such as
8 maintenance and repairs at the North Carolina State Fair and the Western
9 North Carolina Agriculture Center."

10 **SECTION 40.1.(r)** For project code DNCR21-11, notwithstanding
11 G.S. 143-341(4)e. and Article 6 of Chapter 146 of the General Statutes, the Department of
12 Natural and Cultural Resources may enter into a memorandum of understanding or a lease
13 agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse
14 Fork Battlefield and other activities related to the operation of those sites.

15 At each of the sites receiving funding under project code DNCR21-11, the
16 Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations
17 to provide funds and in-kind contributions for site development, preservation, or operational
18 support in order to minimize the use of public funds. The Department of Natural and Cultural
19 Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural
20 and Economic Resources and the Fiscal Research Division no later than April 1, 2022, with an
21 estimate of any additional recurring costs associated with acquisition, maintenance, and operation
22 of the sites acquired pursuant to this subsection.

23 The Department of Natural and Cultural Resources shall utilize the remaining funds
24 allocated for project code DNCR21-11 for repairs and renovations projects at Historic Sites
25 located in this State.

26 **SECTION 40.1.(s)** For the Holy Angels grant allocated in this Part, Holy Angels
27 Services, Inc., a nonprofit organization, shall utilize funds received to pay for costs associated
28 with the construction of up to three new group homes with up to a combined total of 20
29 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating
30 these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E
31 of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc.,
32 shall be exempt from certificate of need review for the construction of each group home,
33 including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which
34 funding was received under this Part. These group homes and beds shall be subject to existing
35 licensure laws and requirements.

36 **SECTION 40.1.(t)** The following entities receiving a grant allocated in this Part shall
37 utilize funds received for the same purpose and subject to the same guidelines and limitations set
38 forth in Section 9F.9(a) of this act:

- 39 (1) Harnett Health Systems, Incorporated.
40 (2) Good Hope Hospital, Incorporated.
41 (3) Johnston Health Enterprises, Incorporated.

42 **SECTION 40.1.(u)** Notwithstanding the State Medical Facilities Plan, Article 9 of
43 Chapter 131E of the General Statutes, or any other provision of law to the contrary, the following
44 entities shall be exempt from certificate of need review for the construction of any behavioral
45 health-related facilities or beds for which grants are allocated in this Part, provided those facilities
46 and beds shall be subject to existing licensure laws and requirements:

- 47 (1) Randolph Health, with regard to any construction or beds in a psychiatric unit
48 at Randolph Hospital.
49 (2) Gateway of Hope Addiction Recovery Center.
50 (3) Jonas Hill, a division of Caldwell Memorial Hospital, Incorporated.

- 1 (4) Hope Alive, Inc., with regard to construction or beds related to the Robeson
- 2 County Substance Abuse System of Care project.
- 3 (5) Cabarrus County, with regard to the construction of, or beds associated with,
- 4 a new behavioral health center.

5 **SECTION 40.1.(v)** For project code DOA21-2, the Department of Administration
 6 may utilize a sum not exceeding eight million dollars (\$8,000,000) of the funds allocated for the
 7 project for the purpose of entering into lease agreements to facilitate the completion of the
 8 project.

9 **SECTION 40.1.(w)** For project code FLEX21, after making a reasonable attempt to
 10 adjust the project scope to meet the amount authorized by the General Assembly, the Office of
 11 State Budget and Management may utilize the funds allocated to supplement separate funds
 12 allocated for any State agency project listed in subsection (b) of this section in accordance with
 13 G.S. 143C-8-7.1(d). Funds utilized pursuant to this subsection may not be used to increase the
 14 amount authorized for a project by more than ten percent (10%).

15
 16 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

17 **SECTION 40.2.** It is the intent of the General Assembly to fund capital improvement
 18 projects on a cash flow basis and to plan for future project funding based upon projected
 19 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed
 20 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for
 21 the projects listed in future years. The following schedule lists capital improvement projects that
 22 will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated
 23 amounts (in thousands) needed for completion of those projects:

25	Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
26	UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
27	R&R21	261,979	560,331	200,000	200,000	200,000	200,000
28	PERS21	2,000	2,000	2,000	2,000	2,000	2,000
29	DEQ21-1	5,500	13,750	22,000	13,750	—	—
30	DOA21-1	50,000	60,500	54,000	64,500	—	—
31	DNCR21-13	8,000	15,000	22,000	15,000	—	—
32	DPS21-3	—	—	—	11,409	—	—
33	DPS21-6	—	—	—	—	7,139.4	—
34	DPS21-7	—	—	—	—	8,923	8,923
35	DPS21-9	—	—	—	—	8,163.3	20,408.2
36	UNC/ECU21-1	21,500	53,750	86,000	53,750	—	—
37	UNC/NCS20-1	18,250	36,500	18,250	—	—	—
38	UNC/CH20-1	10,000	18,750	20,000	19,250	—	—
39	UNC/CH20-2	13,750	18,000	10,750	—	—	—
40	UNC/CH21-1	6,000	15,000	24,000	15,000	—	—
41	UNC/PEM21-1	9,100	22,750	36,400	22,750	—	—
42	UNC/ECS21-4	4,000	10,000	10,000	10,000	—	—
43	UNC/FSU21-1	4,000	10,000	16,000	10,000	—	—
44	UNC/FSU21-2	6,300	15,750	25,200	15,750	—	—
45	UNC/WSS21-1	5,700	14,250	22,800	14,250	—	—
46	CC	100,000	100,000	100,000	100,000	—	—

47
 48
 49 **WATER RESOURCES DEVELOPMENT PROJECTS**

50 **SECTION 40.3.(a)** The Department of Environmental Quality shall allocate funds
 51 for water resources development projects in accordance with the schedule that follows. The

1 amounts set forth in the schedule include funds appropriated in this act for water resources
 2 development projects and funds carried forward from previous fiscal years. These funds will
 3 provide a State match for an estimated two hundred twenty million five hundred twenty-six
 4 thousand dollars (\$220,526,000) in federal funds.

	Name of Project	2021-2022	2022-2023
8	(1) Princeville Flood Damage Reduction	\$5,197,500	\$5,197,500
9	(2) Carolina Beach CSDM	4,750,000	1,083,333
10	(3) Wilmington Harbor DA Maintenance	3,663,642	7,334,000
11	(4) Kure Beach CSDM	4,889,423	825,641
12	(5) Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
13	(6) Ocean Isle CSDM	494,599	1,534,615
14	(7) WRD Grant Program–State & Local Projects	2,750,000	1,500,000
15	(8) WRD Grant Program–EQIP Projects	2,000,000	2,750,000
16	(9) Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
17	(10) Wrightsville Beach CSDM	3,487,500	469,471
18	TOTALS	\$44,469,664	\$35,231,560

19
 20 **SECTION 40.3.(b)** Part 8A of Article 21 of Chapter 143 of the General Statutes is
 21 amended by adding a new section to read:

22 **"§ 143-215.73B. Water resources development grants administration.**

23 (a) Fund Creation. – There is established the Water Resources Development Grants
 24 Special Fund, a special fund within the Department of Environmental Quality to be used in
 25 accordance with this section.

26 (b) Fund Uses; Flexibility. – Funds within the Water Resources Development Grants
 27 Special Fund shall be used for water resources development projects as directed by an act of the
 28 General Assembly. Where the actual project costs are different from the authorized estimated
 29 project costs, the Department may adjust the allocations among projects as needed. If any funded
 30 projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or
 31 if the projects are accomplished at a lower cost, the Department may use the resulting fund
 32 availability to fund any of the following:

- 33 (1) U.S. Army Corps of Engineers project feasibility studies.
- 34 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
 35 require State matching funds in the current fiscal year.
- 36 (3) State-local water resources development projects.
- 37 (4) NRCS-EQIP stream restoration projects.

38 (c) Reports. – The Department shall submit semiannual reports on the use of funds from
 39 the Water Resource Development Grant Special Fund to the Joint Legislative Oversight
 40 Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division,
 41 and the Office of State Budget and Management on or before March 1 and September 1. Each
 42 report shall include all of the following:

- 43 (1) The project name.
- 44 (2) The estimated cost of each project.
- 45 (3) The date that work on each project began or is expected to begin.
- 46 (4) The date that work on each project was completed or is expected to be
 47 completed.
- 48 (5) The actual cost of the project.

49 The semiannual reports also shall show those projects advanced in schedule and those
 50 projects delayed in schedule."

1 **SECTION 40.3.(c)** The following project funds shall be transferred to the Water
2 Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in
3 subsection (b) of this section:
4

5	Fund Number	Project Title	Allotment Balance
6	4T17	DWR – State & Local Projects	\$187,438.98
7	4U07	DWR – State & Local Water Res Develop Grant	317,000.00
8	4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
9	4U10	DWR – Environmental Qual Incent Prog	259,732.98
10	4V11	DWR – NRCS EQUIP	53,123.81
11	4V12	DWR – State & Local Projects	465,701.71
12	4Y13	DWR – NRCS EQUIP	881,757.48
13	4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
14	4Y16	DWR – State & Local Projects	1,857,851.47
15	4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
16	4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
17	4Y26	DWR – Town of Rutherfordton Stream	500,000.00
18	4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
19	4O01	DWR – Princeville Flood Damage Reduction	
20		(Pre-Contr/Design)	3,465,000.00
21	4O02	DWR – Carolina Beach CSRSM	1,754,946.65
22	4O03	DWR – Kure Beach CSRSM	2,187,500.37
23	4O04	DWR – Wrightsville Beach CSRSM	2,206,487.00
24	4O05	DWR – Ocean Isle CSRSM	1,040,016.76
25	4O06	DWR – Planning Assistance to Communities	244,613.13
26	4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
27	4O08	DWR – Morehead City Maintenance	1,980,627.09
28	4O09	DWR – Surf City/North Topsail CSRSM	12,500,000.00
29	4O10	DWR – Dan River Regional Water Supply Project	34,000.00
30	4O11	DWR – Carteret County (Bogue Banks) CSRSM	2,567,320.08
31	4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project	
32		Mods. (50/50)	333,500.00
33	4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem	
34		Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
35	4O14	DWR – Lumberton 205, CAP, Flood Damage	
36		Reduction (50/50)	125,000.00
37	4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
38	4O16	DWR – North Topsail Beach Shoreline Protection –	
39		Phases 1-4	1,500,000.00
40	4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
41	4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
42	4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
43	TOTALS		\$50,151,639.23

44
45 **SECTION 40.3.(d)** Notwithstanding any other provision of law to the contrary,
46 funds allocated in prior acts of the General Assembly for the water resources development project
47 entitled "North Topsail Beach Shoreline Protection – Phase 2" may also be used for Phase 1, 3,
48 or 4 of that project.

49 **SECTION 40.3.(e)** G.S. 143-215.72(d) is amended by adding a new subdivision to
50 read:

"(4) A single project shall consist of all the landowners and other participants under a project design contract approved by the Natural Resources Conservation Service for a contiguous section of stream."

NATIONAL GUARD PROJECTS

SECTION 40.4.(a) From the funds allocated in this Part for project code NG21-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding eight million dollars (\$8,000,000) during the 2021-2022 fiscal year. Funds allocated to project code NG21-1 shall not revert.

SECTION 40.4.(b) No later than June 1, 2023, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) The status of all projects undertaken pursuant to this section.
- (2) The estimated total cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project, including federal matching funds.
- (6) Facilities planned for closure or reversion.
- (7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.5.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2021-2022	FY 2022-2023
Department of Natural and Cultural Resources		
Edenton State Historic Site–		
Frinks House Renovations	\$300,000	–
Transportation Museum–		
Southern Railway Car Exhibit Renovations	287,442	–
Bennett Place State Historic Site–		
Visitor Center Renovations	300,000	–
USS NC Battleship–		
Mast Repairs	1,000,000	–
Living With Water	2,335,431	–
Bentonville State Historic Site–		
Harper House Renovations	115,000	–
NC Museum of Art–		
Terrace & Green Project	2,500,000	–
Brunswick Town State Historic Site–		
Shoreline Stabilization	3,000,000	–

1	Charlotte Hawkins Brown Museum–		
2	Memorial Galen Stone Hall	1,100,000	–
3	Tea House Renovations	425,000	–
4	Department of Agriculture and Consumer Services		
5	State Fair–Repairs & Improvements	5,000,000	–
6	NC Forest Service–		
7	Design & Install New Bridges	25,000	\$100,000
8	Equipment Shelters	500,000	500,000
9	Parking Lot Expansions	500,000	250,000
10	Picnic Shelters	25,000	50,000
11	Restrooms	25,000	125,000
12	Storage Buildings	125,000	–
13	Viewing Platforms	25,000	125,000
14	State Research Stations–		
15	Equipment Storage Shelter	500,000	–
16	Dilapidated Building Demolition	100,000	–
17	Livestock & Mission Critical Facility Improvements	–	500,000
18	Irrigation Improvements at Research Stations	–	500,000
19	Department of Military and Veterans Affairs		
20	New State Veterans Home–Raleigh	85,700,000	–
21	Department of Public Safety		
22	Alcoholic Beverage Control–		
23	Office Roof Replacement	864,000	–
24	Warehouse Office Renovation	480,000	–
25	Warehouse Storage	313,000	–
26	Wildlife Resources Commission		
27	Land Acquisition	10,000,000	6,000,000
28	Setzer Hatchery Revision	18,500,000	–
29	Samarcand Training Facility	7,500,000	–
30	New Bern Depot Boat Storage Facility	275,000	–
31	Marion Aquaculture Building	360,000	–
32	Elizabethtown Depot Storage Shed	200,000	–
33	McKinney Lake Residence	300,000	–
34	Sandhills Depot Pole Shed	200,000	–
35	District 7 Storage Building–Wilkesboro	140,000	–
36	Burnsville Depot	500,000	–
37	Balsam Depot Renovation	400,000	–
38	Game Land Improvements	1,000,000	–
39	Morganton Pole Shed	–	130,000
40	Mills River Depot Pole Shed	–	150,000
41	Caswell Depot Storage Building	–	440,000
42	Rhems Depot Storage Building	–	230,000

**TOTAL AMOUNT OF NON-GENERAL
FUND CAPITAL PROJECTS
AUTHORIZED**

\$144,919,873 \$9,100,000

47 **SECTION 40.5.(b)** From funds deposited with the State Treasurer in a capital
48 improvement account to the credit of the Department of Agriculture and Consumer Services
49 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021-2022
50 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022-2023 fiscal year
51 shall be transferred to the Department of Agriculture and Consumer Services to be used,

1 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article
 2 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as
 3 land appraisals, land surveys, title searches, and environmental studies, and for the management
 4 of the plant conservation program preserves owned by the Department.

5 **SECTION 40.5.(c)** Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by
 6 Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize
 7 funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars
 8 (\$29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust
 9 Fund established under G.S. 143B-1293 to provide the required State match for federal funding
 10 for the construction of a new State veterans nursing facility in Wake County. Any federal funds
 11 received for this purpose are hereby appropriated.

12
 13 **STATE CONSTRUCTION CHANGES**

14 **SECTION 40.6.** G.S. 143-341 reads as rewritten:

15 **"§ 143-341. Powers and duties of Department.**

16 The Department of Administration has the following powers and duties:

17 ...

18 (3) Architecture and Engineering:

19 a. To examine and approve all plans and specifications for the
 20 construction or renovation of the following:

21 1. All State buildings or buildings located on State lands, except
 22 those buildings over which a local building code inspection
 23 department has and exercises jurisdiction. For the purposes of
 24 this sub-sub-subdivision, buildings, facilities, or projects
 25 located on State lands that are (i) privately owned or privately
 26 leased and (ii) located within the North Carolina Global
 27 TransPark are exempt.

28 2. All community college buildings requiring the estimated
 29 expenditure of public money for construction or repair work
 30 ~~for which public bidding is required under G.S. 143-129 of two~~
 31 million dollars (\$2,000,000) or more prior to the awarding of a
 32 contract for such work; and to examine and approve all
 33 changes in those plans and specifications made after the
 34 contract for such work has been awarded.

35 ...

36 c. To supervise the letting of all contracts for the design, construction or
 37 renovation of all State buildings and all community college buildings
 38 whose plans and specifications must be examined and approved under
 39 a.2. of this subdivision.

40 d. To supervise and inspect all work done and materials used in the
 41 construction or renovation of all State buildings and all community
 42 college buildings whose plans and specifications must be examined
 43 and approved under a.2. of this subdivision; to act as the appropriate
 44 official inspector or inspection department for purposes of
 45 G.S. 143-143.2; and no such work may be accepted by the State or by
 46 any State agency until it has been approved by the Department.

47"

48
 49 **GRANTS TO NON-STATE ENTITIES**

1 **SECTION 40.8.** Requirements. – For purposes of this Part, nonrecurring funds
2 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined
3 by G.S. 143C-1-1(d), are subject to all of the following requirements:

- 4 (1) As soon as practicable after the effective date of this act, each State agency
5 administering grants shall begin disbursement of funds to each grantee
6 non-State entity when all applicable requirements are met. However,
7 disbursement of grant funds allocated for the 2021-2022 fiscal year shall
8 commence no later than 100 days after the date this act becomes law and
9 disbursement in full to all grantees shall be completed no later than nine
10 months after the date this act becomes law. Disbursement of grants allocated
11 for the 2022-2023 fiscal year shall be completed no later than 100 days after
12 the beginning of the 2022-2023 fiscal year.
- 13 (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.
- 14 (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless
15 otherwise indicated, nonrecurring funds appropriated in this Part as grants
16 shall not revert until expended or the particular project has been completed.
- 17 (4) Grants to each grantee non-State entity shall be used for nonsectarian,
18 nonreligious purposes only.
- 19 (5) By October 1, 2021, and then quarterly thereafter, the Office of State Budget
20 and Management shall report to the Fiscal Research Division on the schedule
21 for and status of grant disbursement. At a minimum, the report shall include
22 the following for each grant:
- 23 a. The date when the disbursing agency issued the initial contract.
- 24 b. The date when the contract was sent to the grantee non-State entity.
- 25 c. The date when the fully executed contract was returned to the
26 disbursing agency.
- 27 d. The date when the contract was executed.
- 28 e. The date when a grant was disbursed in full.

30 **CONNECT NC BOND CHANGE/DEBT AVOIDANCE**

31 **SECTION 40.9.(a)** The General Assembly finds the following:

- 32 (1) The use of general obligation bonds can be an efficient method for financing
33 needs of the State.
- 34 (2) Debt service, even on general obligation bonds, is a cost that can be avoided
35 if the State has funds to directly pay for capital needs.
- 36 (3) Where the State provides a general obligation bond question to the voters, it
37 is tantamount to representing both that capital improvements covered by the
38 debt question are needed by the State and that the incurrence of debt for those
39 purposes is the most responsible, cost-effective way of meeting those needs.
- 40 (4) If subsequent economic changes affect the validity of those representations,
41 including where, as here, management of State resources has resulted in
42 having sufficient funding for such capital improvements, thereby obviating
43 the need to incur debt service costs, then such changes also affect the
44 representations and assumptions on which the voters rely in voting for the
45 issuance of the debt. Stated alternatively, voters make assumptions on the need
46 for debt based on the amount and uses set forth in the ballot question, and, if
47 circumstances change those assumptions, the State has an obligation to avoid
48 associated costs if it would be inefficient to incur them.
- 49 (5) This section allocates funds to satisfy the needs and purposes for which
50 indebtedness was originally authorized by the voters of this State pursuant to
51 S.L. 2015-280. Accordingly, funding and debt service costs using the general

1 obligation debt for such purposes would be redundant and would frustrate the
2 assumptions made by (and the representations made to) the voters of this State
3 at the time the debt obligation was approved by the voters as to the State's
4 need.

5 **SECTION 40.9.(b)** For project code CNC21, the Office of State Budget and
6 Management shall allocate the sum of two hundred fifty-eight million dollars (\$258,000,000) for
7 the purposes described in Section 1(f) of S.L. 2015-280, as amended by Section 36.7(a) of S.L.
8 2018-5. Funds allocated pursuant to this subsection will be used to fully fund all projects
9 authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not
10 be used to increase the total funding for any project authorized above the applicable project
11 amount provided in S.L. 2015-280.

12 **SECTION 40.9.(c)** The State Treasurer shall not issue more than an aggregate
13 principal amount of one billion six hundred million dollars (\$1,600,000,000) of general
14 obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to
15 issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount
16 provided in this subsection is repealed, and the bond referendum authorized by and held pursuant
17 to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds,
18 authorized by that act.

19 **SECTION 40.9.(d)** Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

20 **SECTION 40.9.(e)** Section 4(b) of S.L. 2015-280 reads as rewritten:

21 "**SECTION 4.(b)** Any funds retained by the Office of State Budget and Management
22 pursuant to subsection (a) of this section at the time a project is completed shall be retained by
23 the Office of State Budget and Management ~~until reallocated for other purposes by the General~~
24 ~~Assembly.~~ Management. The Office of State Budget and Management shall report to the Joint
25 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to
26 this subsection within 90 days of a project's completion."
27

28 CAPITAL PROJECT REPORTING/OTHER CHANGES

29 **SECTION 40.10.(a)** It is the intent of the General Assembly to consolidate reporting
30 for capital improvement projects. With the exception of the statutory requirements contained in
31 G.S. 143C-8-14, any reporting requirements imposed on capital improvement projects for State
32 agencies authorized by a previous act of the General Assembly are hereby repealed.

33 **SECTION 40.10.(b)** G.S. 143C-8-13 reads as rewritten:

34 "**§ 143C-8-13. Repairs and Renovations.**

35 ...

36 (b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are
37 allocated to the Board of Governors of The University of North Carolina or to the Office of State
38 Budget and Management may be allocated or reallocated ~~by~~ at the discretion of those agencies
39 for repairs [constituent institution parameter] and renovations projects so long as all of the
40 following conditions are satisfied:

41 (1) Any project that receives an allocation or reallocation satisfies the
42 requirements of subsection (a) of this section.

43 (2) ~~If the allocation or reallocation of funds from one project to another under this~~
44 ~~section is two million five hundred thousand dollars (\$2,500,000) or more for~~
45 ~~a particular project, the~~ The Office of State Budget and Management or the
46 Board of Governors, as appropriate, ~~consults with~~ shall report to the Joint
47 Legislative Commission on Governmental Operations – Fiscal Research
48 Division on the initial allocation prior to the expenditure or reallocation of
49 funds.

50 (3) ~~If the allocation or reallocation of funds from one project to another under this~~
51 ~~section is less than two million five hundred thousand dollars (\$2,500,000) for~~

~~a particular project, On or before August 1 each year, the Office of State Budget and Management or the Board of Governors, as appropriate, shall submit a final report showing the allocation or reallocation of funds is reported during the preceding fiscal year to the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation, the Joint Legislative Capital Improvements Oversight Committee and the Fiscal Research Division.~~

- (4) If the funds were previously allocated for a repairs and renovations project that was not specifically allocated for by an act of the General Assembly; provided, however, if a project specifically allocated for by the General Assembly has been completed, then funds may be reallocated pursuant to this subsection.

...."

SECTION 40.10.(c) G.S. 143C-8-12 reads as rewritten:

"§ 143C-8-12. Capital improvement projects from sources other than the General Fund.

(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve any of the following:

- (1) Expenditures to plan a capital improvement project of The University of North Carolina, the planning for which is to be funded entirely with non-General Fund ~~money~~ and non-State Capital and Infrastructure Fund monies.
- (2) Expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund ~~money~~ and non-State Capital and Infrastructure Fund monies.
- (3) A change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund ~~money~~ and non-State Capital and Infrastructure Fund monies.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund.

(b) Carryforward Funds. – For purposes of this section, the term "non-General Fund ~~money~~ and non-State Capital and Infrastructure Fund monies" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-8-13(a).

...."

ENGINEERING NC'S FUTURE

SECTION 40.11.(a) The General Assembly finds that the STEM Program Needs Assessment published by The University of North Carolina in 2019 highlighted the importance of STEM programs as drivers of economic investment, expansion, and employment throughout the State. The General Assembly has made significant investments to bolster health science programming with funding for capital improvement projects at the University of North Carolina at Chapel Hill, the University of North Carolina at Pembroke, and East Carolina University. In addition to the investments in the health sciences, the General Assembly is initiating Engineering N.C.'s Future with significant investments in key engineering programs at North Carolina State University, North Carolina Agricultural and Technical University, and the University of North Carolina at Charlotte. The investments in Engineering N.C.'s Future will support the continued growth of related economic investments and job opportunities in the State by expanding enrollment opportunities at these constituent institutions to enable more students to pursue an education in engineering fields. Engineering N.C.'s Future provides thirty-five million dollars (\$35,000,000) among these constituent institutions for curriculum improvements, research

1 equipment, and administration in this act. In addition, the General Assembly intends to provide
2 ninety million dollars (\$90,000,000) in funding for capital improvements at these constituent
3 institutions over the next two years.

4 **SECTION 40.11.(b)** The funds allocated for project code UNC/ENG21 shall be
5 allocated by the Board of Governors of The University of North Carolina in equal amounts
6 among North Carolina State University, the University of North Carolina at Charlotte, and North
7 Carolina Agricultural and Technical University. Funds allocated by the Board of Governors may
8 be used by each recipient institution for capital improvements to existing buildings on that
9 institution's campus that will allow for expanded offerings and enrollments related to that campus'
10 engineering program. The Board of Governors may determine the priority and timing of funds
11 allocated to the constituent institutions listed in this subsection.

12 **SCIF AUTHORIZED USES**

13 **SECTION 40.12.** G.S. 143C-4-3.1(e) reads as rewritten:

14 "(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service
15 obligations supported by the General Fund. In addition to meeting the debt service obligations
16 supported by the General Fund, monies in the Fund may be used for the following purposes:

- 17 (1) New State and The University of North Carolina capital projects governed
18 pursuant to Article 8 of Chapter 143C of the General Statutes.
- 19 (2) Repair and renovation of existing capital assets, as provided in
20 G.S. 143C-8-13.
- 21 (3) Broadband infrastructure projects funded through appropriations to the
22 Growing Rural Economies with Access to Technology Fund established in
23 G.S. 143B-1373(b).
- 24 (4) Projects and grants identified in the Current Operations Appropriations Act or
25 that have been authorized and funded by an act of the General Assembly. With
26 the exception of health facilities licensed under Chapter 131E or Chapter 122C
27 of the General Statutes, grants intended for affordable housing or other
28 residential purposes are not an allowable use of monies in the Fund."

29 **RENDEZVOUS STATE FOREST**

30 **SECTION 40.13.(a)** For the Rendezvous Mountain Park grant allocated in this Part,
31 the Department of Agriculture and Consumer Services (DACS) shall transfer to the Department
32 of Natural and Cultural Resources (DNCR) that portion of the Rendezvous Mountain Educational
33 State Forest allocated to the North Carolina Forest Service that is situated in Wilkes County,
34 containing approximately 1,124 acres, and that is comprised of parcel identification numbers
35 37193-3911-63-9178, 37193-3910-88-5480, 37193-3910-75-5457, and 37193-3910-94-3160.

36 **SECTION 40.13.(b)** The General Assembly authorizes the Department of Natural
37 and Cultural Resources to add the portion of land described in subsection (a) of this section to
38 the State Parks System, as provided in G.S. 143B-135.54(b), and which shall be designated as a
39 satellite annex of Stone Mountain State Park.

40 **SECTION 40.13.(c)** The Department of Agriculture and Consumer Services and the
41 Wildlife Resources Commission shall renegotiate any lease of land for game land purposes in
42 the Rendezvous Mountain Educational State Forest to encompass all or a portion of the lands
43 remaining after the transfer of land pursuant to subsection (a) of this section. The Department of
44 Agriculture shall retain timber rights to any lands subject to the renegotiated lease agreements.
45 The Department of Agriculture and Consumer Services shall renegotiate any existing leases for
46 wireless or other similar communication towers that may be in effect on the land transferred
47 pursuant to subsection (a) of this section.

49 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL** 50 **OF DENTISTRY**

1 **SECTION 40.14.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)
 2 of S.L. 2009-209, reads as rewritten:

3 **"SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council
 4 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
 5 incur special indebtedness in order to provide funds to the State to be used, together with other
 6 available funds, to pay the capital facility costs of the projects described in this subsection. In
 7 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special
 8 indebtedness:

- 9 (1) In the maximum aggregate principal amount of sixty-one million five hundred
 10 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to
 11 finance the capital facility costs of completing a School of Dentistry ~~building~~
 12 building, life safety improvements to the Brody School of Medicine, and
 13 renovation of space at the ECU Health Science Campus, Brody School of
 14 Medicine, to accommodate the dental school at East Carolina University and
 15 no more than 10 satellite dental clinics across the State. No more than a
 16 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of
 17 special indebtedness may be issued or incurred under this subdivision prior to
 18 July 1, 2009. No more than a maximum aggregate amount of sixty million
 19 dollars (\$60,000,000) of special indebtedness may be issued or incurred under
 20 this subdivision prior to July 1, 2010.

21 "

22 **SECTION 40.14.(b)** Nothing in this section shall be construed to authorize any
 23 entity to issue or incur additional indebtedness.

24
 25 **OSBM COORDINATED DEVELOPMENT GRANTS**

26 **SECTION 40.15.(a)** Of the funds appropriated by this act to the Office of State
 27 Budget and Management (OSBM) for coordinated development grants for the 2021-2023 fiscal
 28 biennium, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022
 29 fiscal year and ten million dollars (\$10,000,000) in nonrecurring funds for the 2022-2023 fiscal
 30 year is allocated and shall be held to make grants for activities to promote economic growth and
 31 job creation in counties challenged by low population density. The first grants awarded for these
 32 purposes shall be made for economic development in any tier two county having a population
 33 over 45,000 and a population density of less than 50 persons per square mile, according to the
 34 most recent federal decennial census.

35 **SECTION 40.15.(b)** The grants authorized by this section shall be awarded in full
 36 by no later than February 15, 2022. By May 15, 2022, the OSBM shall report to the Fiscal
 37 Research Division on the process used to make the initial grant award.

38
 39 **PART XLI. TRANSPORTATION**

40
 41 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

42 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are
 43 repealed.

44 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated
 45 revenues for the Highway Fund as follows:

46	For Fiscal Year 2023-2024	\$2,628.0 million
47	For Fiscal Year 2024-2025	\$2,724.2 million
48	For Fiscal Year 2025-2026	\$2,814.8 million
49	For Fiscal Year 2026-2027	\$2,833.6 million
50	For Fiscal Year 2027-2028	\$2,875.9 million

1 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated
2 revenues for the Highway Trust Fund as follows:

3	For Fiscal Year 2023-2024	\$1,758.1 million
4	For Fiscal Year 2024-2025	\$1,797.5 million
5	For Fiscal Year 2025-2026	\$1,809.0 million
6	For Fiscal Year 2026-2027	\$1,843.8 million
7	For Fiscal Year 2027-2028	\$1,878.7 million

8 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the
9 Office of State Budget and Management, shall develop a five-year revenue forecast. The
10 five-year revenue forecast developed under this subsection shall be used (i) to develop the
11 five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic
12 Transportation Improvement Program, and (iii) by the Department of the State Treasurer to
13 compute transportation debt capacity.
14

15 **DOT/BUDGET REORGANIZATION**

16 **SECTION 41.2.(a)** It is the intent of the General Assembly that the Department of
17 Transportation have a transparent budget that is representative of the Department's mission and
18 goals and aligns to the internal organization of the Department.

19 **SECTION 41.2.(b)** The Department shall create within the Financial Management
20 Division of the Department of Transportation the Budget Section dedicated to the management
21 of the budget for the Department. The Budget Section shall be separate from the other sections
22 in the Financial Management Division and shall directly report to the Chief Financial Officer of
23 the Department. The initial duty of the Budget Section, with the assistance of the Office of State
24 Budget and Management, shall be to reorganize the entire budget of the Department of
25 Transportation using the following criteria:

- 26 (1) The Highway Fund Budget Code shall contain Fund Codes representative of
27 divisional organizational units within the Department of Transportation. The
28 Divisions include: Highway Division, Ferry Division, Rail Division, Public
29 Transportation, Bicycle and Pedestrian, Secretary's Office, Board of
30 Transportation, Facilities Management, and others determined by the Office
31 of State Budget and Management in conjunction with the Department of
32 Transportation and in consultation with the Fiscal Research Division.
- 33 (2) The current Fund Codes shall be combined to create a budget message
34 indicative of the divisions and units within the Department.
- 35 (3) The Fund Codes shall be developed as prescribed in the State Budget Manual
36 to include the six account groups. All relevant full-time equivalent (FTE)
37 positions shall be correctly assigned to the Fund Code and Organizational
38 Unit.
- 39 (4) The Field Codes shall be eliminated, and the complete personal services
40 budget, including full-time equivalent positions, shall be assigned to the
41 organizational Fund Code unit.
- 42 (5) The Fund Codes shall include any receipts collected and used for the units,
43 including federal receipts.
- 44 (6) The Highway Division's Fund Code shall include distinct responsible cost
45 centers for specific programs and grants established by the General Assembly.
46 The Accounts shall include relevant personal services, purchased services,
47 grants-in-aid, leases, and the entire operating budgets for the Division.
- 48 (7) The Department shall develop options for groupings of projects within the
49 Highway Trust Fund – Strategic Transportation Investments and consider
50 identifying funded projects by the project's first year of funding. The

1 Department shall work with OSBM in developing the comprehensive budget
2 structure for the Highway Trust Fund.

3 **SECTION 41.2.(c)** Notwithstanding any other provision of law to the contrary, the
4 Department of Transportation shall reclassify additional vacant full-time equivalent positions,
5 pursuant to the classification system established by the State Human Resources Commission, to
6 the Financial Management Division, with one Budget Manager and up to three additional Budget
7 Analysts, for the Budget Section.

8 **SECTION 41.2.(d)** No later than November 1, 2021, and March 31, 2022, the
9 Department shall submit a report to the Joint Legislative Transportation Oversight Committee
10 and the Fiscal Research Division on the status of the creation of the Budget Office. The report
11 shall include the identification of the positions to be reclassified to the Budget Office and the
12 schedule and status for advertising and filling positions.

13 14 **BUILD NC BONDS/MAX CASH BALANCE EXCEPTION**

15 **SECTION 41.3.(a)** G.S. 142-97(2)a. reads as rewritten:

16 "a. The Department of Transportation's average month-end cash balance
17 for the first three months in the calendar year prior to the date of
18 determination is equal to or less than ~~one billion dollars~~
19 (\$1,000,000,000)-two billion dollars (\$2,000,000,000)."

20 **SECTION 41.3.(b)** This section is effective when it becomes law and applies to the
21 issuance and sale of Build NC Bonds during the fiscal year ending June 30, 2022, and each fiscal
22 year thereafter.

23 24 **SPEND PLAN TECHNICAL REVISION**

25 **SECTION 41.4.** G.S. 143C-6-11.1(a) reads as rewritten:

26 "(a) The Department of Transportation shall develop a comprehensive cash-spending
27 plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly,
28 to spend money from any source, including federal funds and bond proceeds, for programs,
29 functions, activities or objects, by the Department."
30

31 **INDEMNIFY WILMINGTON FOR MAP ACT**

32 **SECTION 41.5.(a)** The Department of Transportation shall defend, indemnify, and
33 hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members
34 against any claims, civil actions, and proceedings arising out of the filing or amendment of a
35 transportation corridor official map in accordance with Article 2E of Chapter 136 of the General
36 Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends
37 from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

38 **SECTION 41.5.(b)** The Department of Transportation shall defend, indemnify, and
39 hold harmless the City of Wilmington and its members and employees against any claims, civil
40 actions, and proceedings arising out of the filing or amendment of all transportation corridor
41 official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr
42 Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter
43 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

44 **SECTION 41.5.(c)** This section is effective when it becomes law and applies
45 retroactively to June 13, 2019.
46

47 **DMV PERFORMANCE DASHBOARD EXPANSION**

48 **SECTION 41.6.(a)** Expand Performance Dashboard. – No later than October 1,
49 2021, the Department of Transportation shall expand the performance dashboard available on the
50 Department's website to display the total number of transactions completed by the Division of
51 Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the

1 transactions by type and indicate whether the transactions were conducted in person, by mail, or
2 by online application.

3 **SECTION 41.6.(b)** Establish Performance Dashboard Archive. – No later than
4 October 1, 2021, the Department shall maintain and make available from the performance
5 dashboard an archive of all prior performance dashboard reports.

6 **SECTION 41.6.(c)** Paperless Operations Report. – By March 15, 2022, the Division
7 of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight
8 Committee and the Fiscal Research Division. The report shall contain all of the following:

- 9 (1) A list of services provided by the Division that currently involve paper
10 correspondence of any kind.
- 11 (2) A list of services provided by the Division involving paper correspondence
12 that could be made paperless.
- 13 (3) A description of requirements to implement paperless transactions for the
14 services identified in subdivision (2) of this subsection, including one-time
15 and recurring costs.
- 16 (4) A description of the processes the Division is currently pursuing to implement
17 paperless transactions for the services identified in subdivision (2) of this
18 subsection.
- 19 (5) An estimate of when the processes described in subdivision (4) of this
20 subsection will be fully implemented.

21 **DMV MOBILE UNIT DEPLOYMENT AND REOPENING CLOSED DRIVERS** 22 **LICENSE OFFICES**

23 **SECTION 41.7.(a)** The Division of Motor Vehicles shall utilize mobile units on a
24 rotating basis at drivers license offices closed due to the COVID-19 pandemic. The deployment
25 of mobile units shall continue until Executive Order No. 116 (2020), Declaration of a State of
26 Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19,
27 is rescinded. The mobile units deployed pursuant to this subsection shall (i) operate five days per
28 week between the hours of 9:00 A.M. and 5:00 P.M. and (ii) not require appointments for service.
29 The Division shall make a reasonable effort to notify the public of the operation of mobile units.

30 **SECTION 41.7.(b)** The Division shall open drivers license offices closed due to the
31 COVID-19 pandemic 14 days after the rescission of Executive Order No. 116 or August 15,
32 2021, whichever is earlier.

33 **SECTION 41.7.(c)** This section is effective when it becomes law, except that
34 subsection (a) becomes effective 14 days after that date.
35
36

37 **DMV SALARY ADJUSTMENT FUND**

38 **SECTION 41.10.(a)** For the 2021-2023 fiscal biennium, the funds appropriated in
39 this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary
40 adjustment of Division of Motor Vehicle personnel. To be eligible for a salary increase under
41 this section, a DMV employee must not have any active disciplinary action and must not have
42 received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.

43 **SECTION 41.10.(b)** No later than January 1 and June 30 of each year of the
44 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative
45 Transportation Oversight Committee and the Fiscal Research Division on the actions taken
46 pursuant to this section. The report shall contain all of the following:

- 47 (1) The total amount of salary adjustments implemented pursuant to this section.
- 48 (2) The average percentage increase in salary for each employee whose salary
49 was increased pursuant to this section.
- 50 (3) The total number of employees whose salaries were increased pursuant to this
51 section.

- 1 (4) The methodology used by the Department to calculate salary adjustments
2 pursuant to this section.
3 (5) A description of any proposed future salary adjustments.
4

5 AVIATION/DIVISION ANNUAL REPORT

6 **SECTION 41.11.** Article 7 of Chapter 63 of the General Statutes is amended by
7 adding a new section to read:

8 "§ 63-74.5. Division of Aviation annual report.

9 Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to
10 the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a
11 report containing the following information from the prior fiscal year:

- 12 (1) A list of all public use airports within the State, their municipality and county,
13 status as commercial services or general aviation, airport code, and the
14 following corresponding information:
- 15 a. Total amount of funds allocated to each airport subtotaling federal,
16 Commercial Services, State Aid to Airports, Special Projects,
17 Economic Development, and State Transportation Improvement
18 Program dollars and total number of projects receiving allocations.
 - 19 b. Total amount of funds disbursed to each airport subtotaling federal,
20 Commercial Services, State Aid to Airports, Special Projects,
21 Economic Development, and State Transportation Improvement
22 Program dollars and total number of projects receiving disbursements.
 - 23 c. Total amount of unallocated State appropriations for Commercial
24 Services, State Aid to Airports, Special Projects, and Economic
25 Development.
- 26 (2) Summary of activities related to unmanned aircraft systems, including total
27 number of drones owned subtotaled by units of the Department of
28 Transportation and by other State agencies, purposes and uses of drones in
29 each unit and agency, a list describing each private sector partnership to which
30 the Division of Aviation is a party, and any other activities of this unit.
- 31 (3) Total number of trips and flight hours by each manned aircraft owned by the
32 Department of Transportation, subtotaled by agency, fees charged to each
33 agency, and total cost of providing services to each agency.
- 34 (4) Summary of activities related to Safety and Education, including total
35 expenditures, number and description of programs, and number of
36 participants."
37

38 QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL 39 AIRPORTS

40 **SECTION 41.12.(a)** G.S. 136-176(b3) reads as rewritten:

41 "(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway
42 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on
43 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An
44 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement
45 by the State to pay the funds appropriated to the State Ports Authority within the meaning of
46 G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that
47 the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the
48 issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner
49 constitute a pledge of the faith and credit and taxing power of the State, and nothing contained
50 herein shall prohibit the General Assembly from amending an appropriation made to the State
51 Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State

1 Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in
 2 this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of
 3 Transportation shall disburse funds appropriated under this subsection to the State Ports
 4 Authority on a quarterly basis beginning September 30 of each fiscal year."

5 **SECTION 41.12.(b)** G.S. 63-74(d) reads as rewritten:

6 "(d) Permissible Uses, Reporting, and Return of Funds. – The Department of
 7 Transportation shall not allocate funds to an airport under this section until that airport has
 8 provided a report outlining how the airport will use the funds in conformance with the purposes
 9 of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year.
 10 No later than 45 days from the date the Department receives the report required under this
 11 subsection, the Department shall ~~make a determination~~ determine whether the intended use of
 12 the funds matches the purposes of the program and, if so, allocate funds under this section to the
 13 compliant airport. The Department of Transportation shall disburse funds appropriated under this
 14 section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives
 15 funds under this section shall return the funds to the Department if the funds are in the possession
 16 or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year
 17 following the fiscal year in which the Department makes the allocation. All funds returned to the
 18 Department under this section, or retained by the Department for failure of an eligible airport to
 19 submit a report under this subsection, shall be credited to the fund from which they were
 20 appropriated and shall remain unexpended and unencumbered until appropriated by the General
 21 Assembly."

22 **SECTION 41.12.(c)** Notwithstanding G.S. 63-74(d), as revised by subsection (b) of
 23 this section, for the 2021-2022 fiscal year, airports shall submit their report on the use of funds
 24 no later than November 15, 2021, and the Department shall disburse funds to compliant airports
 25 no later than December 31, 2021, March 31, 2022, and June 30, 2022.

26 **AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS**

27 **SECTION 41.13.(a)** The following positions shall not be paid for by funds
 28 appropriated to the State Aid to Airports grant program:

29	60015627	Airport Preservation Engineer
30	60016342	Technical Trainer II
31	60020073	Business Officer II
32	60020271	Engineer III
33	60026296	Program Manager II
34	60015619	Aviation Safety Specialist
35	60027110	Engineer II
36	60015609	Engineering Supervisor III
37	60015610	Engineer III
38	60015612	Engineer III
39	60015613	Engineer II
40	60015621	Engineer II
41	60015622	Engineer III
42	60029095	Engineer III

43 **SECTION 41.13.(b)** Article 7 of Chapter 63 of the General Statutes is amended by
 44 adding a new section to read:

45 **"§ 63-74.2. Division of Aviation grant funded positions prohibited.**

46 The Department of Transportation shall not create or authorize any Division of Aviation
 47 positions that are paid for using State funds appropriated for State Aid to Airports or any other
 48 airport aid program."

49 **AVIATION/STATE PLANE COST OF USE RATE ANALYSIS**

1 **SECTION 41.14.(a)** The Division of Aviation shall conduct a rates and charges
2 analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall
3 contain a comparison of the market rates of private aircraft providers in North Carolina and
4 surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of
5 Aviation shall submit the results of the study, including a recommended rate, to the Joint
6 Legislative Transportation Oversight Committee and the Fiscal Research Division by December
7 1, 2021.

8 **SECTION 41.14.(b)** During the 2021-2023 fiscal biennium, unless the General
9 Assembly modifies the rate after the study required by subsection (a) of this section, the
10 Department of Transportation shall charge one thousand two hundred dollars (\$1,200) per hour
11 to State agencies, excluding the Department of Transportation, for use of the King Air until June
12 30, 2023.

13 **FERRY CAPITAL SPECIAL FUND**

14 **SECTION 41.15.(a)** G.S. 136-82 reads as rewritten:

15 **"§ 136-82. Department of Transportation to establish and maintain ferries.**

16 ...

17
18 (c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a
19 special fund separate from the Highway Fund within the Department of Transportation.

20 (d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit deposit~~ the
21 proceeds from tolls collected on North Carolina Ferry System routes and ~~certain route-generated~~
22 receipts ~~generated-authorized~~ under subsection (f) of this section to ~~reserve accounts fund codes~~
23 within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which
24 system terminals are located and fares are earned. For the purposes of this subsection, fares are
25 earned based on the terminals from which a passenger trip originates and terminates. Commuter
26 pass receipts shall be ~~credited-deposited~~ proportionately to each ~~reserve account fund code~~ based
27 on the distribution of trips originating and terminating in each Highway Division. The proceeds
28 ~~credited-deposited~~ to each ~~reserve account fund code~~ shall be used exclusively for prioritized
29 North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which
30 the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement
31 projects or supplement funds allocated for ferry passenger vessel replacement projects approved
32 in the Transportation Improvement Program.

33 ...

34 (f) Authority to Generate Certain Receipts. – The Department of Transportation,
35 notwithstanding any other provision of law, may operate or contract for the following
36 receipt-generating ~~activities and, except as otherwise provided in subsection (f1) of this section,~~
37 ~~use the proceeds for ferry passenger vessel replacement projects in the manner set forth in~~
38 ~~subsection (d) of this section:~~ activities. The proceeds collected on North Carolina Ferry System
39 routes from receipts generated under this subsection shall be deposited and used in accordance
40 with subsection (d) of this section. The proceeds collected from receipts generated from the
41 Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

- 42 (1) Operation of, concessions on the ferries and at ferry facilities to provide to
43 passengers on the ferries food, drink, and other refreshments, personal comfort
44 items, Internet access, and souvenirs publicizing the ferry system.
- 45 (2) Sponsorships, including, but not limited to, the sale of naming rights to any
46 ferry vessel, ferry route, or ferry facility.
- 47 (3) Advertising on or within any ferry vessel or at any ferry facility, including,
48 but not limited to, display advertising and advertising delivered to passengers
49 through the use of video monitors, public address systems installed in
50 passenger areas, and other electronic media.

- (4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

The Department may issue rules to implement this subsection.

(f1) ~~Use of Receipts Generated From Shipyard.~~ – The Department of Transportation shall ~~credit-deposit~~ the proceeds from receipts generated under subsection (f) of this section from activities performed by the North Carolina State Shipyard to a ~~reserve account-fund code~~ within the ~~Highway Fund-Ferry Capital Special Fund~~ to be used exclusively for improvements to the Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a proportional amount of the proceeds credited to each reserve account described in subsection (d) of this section to replace or repair equipment in accordance with this subsection if there is an insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

(f2) ~~Reserve Account-Ferry Systemwide Fund Code and Disposition of Marine Vessels.~~ – There is created in the ~~Highway Fund-Ferry Capital Special Fund~~ a Ferry Systemwide ~~reserve account-fund code~~. The funds in the ~~account-this fund code~~ shall be used for the acquisition or construction of marine vessels to maintain existing service capacity by replacing marine vessels that have reached the end of their useful life, as determined by the Department of Transportation. The Department of Transportation shall decommission and dispose of a marine vessel subject to replacement in a timely manner after the replacement marine vessel is operationalized. Notwithstanding any provision of law to the contrary, any proceeds received from the disposition of a marine vessel shall be ~~credited-deposited~~ to the ~~reserve account-fund code~~ established under this subsection. Nothing in this subsection shall be construed as prohibiting the Department of Transportation from using funds held in the ~~reserve account-fund code~~ established under this subsection to supplement funds ~~credited-deposited~~ to a ~~reserve account-fund code~~ under subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger vessel replacement projects in the Highway Division in which the funds ~~credited-deposited~~ to the ~~reserve account-fund code~~ under subsection (d) of this section are earned. For purposes of this subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than passenger-only vessels.

...

(h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45 days after the first day of the fiscal year, the Department of Transportation shall transfer from the Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all unexpended funds for the Ferry Division's budget from the prior fiscal year.

(i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry Division shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that contains the total cost to operate each ferry route."

SECTION 41.15.(b) G.S. 136-16.10 reads as rewritten:

"§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.

The Chief Financial Officer of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State Maintenance, and Ferry Operations,~~ and State Maintenance sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

SECTION 41.15.(c) G.S. 136-44.2(f1)(2) reads as rewritten:

"(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

- a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and

1 pedestrian, ~~ferry~~—railroad, aviation, and public transportation
2 programs, excluding funds deposited in the Freight Rail & Rail
3 Crossing Safety Improvement Fund.

- 4 b. Funds appropriated from the Highway Fund for the construction
5 programs of the Department, consisting of funds for secondary
6 construction, access and public service roads, spot safety
7 improvement, small urban construction, and economic development
8 programs."

9 **SECTION 41.15.(d)** Subdivision (2) of subsection (b) of Section 35.1 of S.L.
10 2016-94 is repealed.

11 **DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS**

12 **SECTION 41.16.** Notwithstanding any other provision of law to the contrary, the
13 Department of Transportation shall reclassify vacant positions, pursuant to the classification
14 system established by the State Human Resources Commission, to the following positions:

- 15 (1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.
16 (2) Up to seven FTE positions in the Purchasing Division to manage the
17 procurement and contractual needs of the Department.
18 (3) Up to four FTE positions in the Department's Finance Division to improve
19 financial operations and performance.
20

21 **DOT/FACILITIES PLAN**

22 **SECTION 41.17.(a)** The Department of Transportation shall develop a 10-year
23 Facilities Plan for the Department's current and future facility needs. The plan shall identify the
24 need for replacement and major renovations of all Department-owned buildings and include the
25 following components: complete facility inventory, condition analysis, building and site usage,
26 building capacity analysis with square footage, staff replacement, renovation cost estimates, and
27 proposed 10-year replacement and renovations schedule. The Department shall seek input from
28 all units of the Department to develop the comprehensive plan of the Department.

29 **SECTION 41.17.(b)** The Department shall submit a report to the Joint Legislative
30 Transportation Oversight Committee, the Joint Legislative Oversight Committee on Capital
31 Improvements, and the Fiscal Research Division. The report shall include all components of the
32 plan, including the proposed 10-year schedule, estimated costs, and the status of all building
33 replacements and renovations underway by the Department. The report is due no later than March
34 1, 2022.
35

36 **REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS**

37 **SECTION 41.18.(a)** The Facilities Division of the Department of Transportation
38 shall develop a preventive maintenance program for all buildings owned by the Department. The
39 plan shall include a schedule to examine the building systems, including lighting and electrical,
40 safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for
41 repair and maintenance.
42

43 **SECTION 41.18.(b)** No later than March 1, 2022, the Facilities Division shall
44 submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal
45 Research Division on the plan, schedule, and an estimate of recurring funds needed for
46 maintenance and repair.
47

48 **CAPITAL, REPAIRS, AND RENOVATIONS**

49 **SECTION 41.19.** For the 2021-2023 fiscal biennium, the funds appropriated in this
50 act from the Highway Fund to the Department of Transportation for capital, repairs, and
51 renovations shall be used as follows:

Item	FY 2021-22	FY 2022-23
Polk Maintenance Shop	\$745,285	
Currituck Equipment and Maintenance Storage Facility	\$447,544	
Cleveland County Div. 12 Office		\$5,022,534
Alleghany Equipment Shop		\$162,000
Ferry Facilities – Hatteras Dolphins and Exterior Door, Silver Lake Dolphins and Gantries, Minnesott Gantry and Ramp, and Cedar Island Ticket Booth	\$860,000	
Other Statewide – Repairs	\$1,637,500	\$1,681,250
Shipyard Water Tower	\$771,015	
Total	\$4,461,344	\$6,865,784

DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS

SECTION 41.20.(a) Notwithstanding G.S. 143-135.26(1), or any other provision of law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and contracting for the construction of the capital replacement projects listed in Section 41.19 of this act and shall not be subject to the jurisdiction of the Department of Administration, if the estimated cost of the design and construction of the replacement building is less than two million dollars (\$2,000,000). The Department of Transportation shall advertise and award contracts in the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon request, the Department of Administration shall assist the Department of Transportation in advertising and awarding a contract under this section.

SECTION 41.20.(b) No later than 30 days after the end of each fiscal quarter, the Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of all contracts awarded by the Department of Transportation under subsection (a) of this section. The report shall include for each capital replacement project:

- (1) The estimated cost of the design and construction of the replacement structure.
- (2) The method for replacement, to include design phase through construction.
- (3) Any assistance provided by the Department of Administration.
- (4) The issued request for proposal, selection criteria, bid amounts, and selected contractor.
- (5) The status of project, total contract cost, amount paid-to-date, and anticipated completion date.

REVISE CASH WATCH REPORT

SECTION 41.21. G.S. 143C-6-11(n) reads as rewritten:

"(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for public review a weekly report of the Department's cash position, which shall be entitled "NCDOT Cash Watch Numbers." The report shall be issued as a press release to all interested parties, posted on the Department's Web site, and submitted to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the Department determines is beneficial to include, the report shall contain the following:

- (1) Total Cash and Bond Proceeds
- (2) Add Receipts
 - a. Add subcategory of federal receipts
 - b. Add subcategory of federal receipts (declared disaster reimbursements)

- 1 (3) Less Disbursements
- 2 a. Payroll
- 3 b. Debt Service
- 4 c. STI Construction Costs
- 5 d. General Operating Costs
- 6 e. Map Act Claims/Settlements
- 7 f. State Aid Payments
- 8 g. Disaster-Related Costs
- 9 h. Other
- 10 (4) Reserved Cash
- 11 a. GARVEE/Federal Repayment Reserve
- 12 b. Transportation Emergency Reserve
- 13 c. Trustee Accounts – Build NC proceeds
- 14 d. Trustee Accounts – GARVEE
- 15 e. Trustee Accounts – Other Bonds
- 16 f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
- 17 g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
- 18 (5) Unreserved Cash Balance Total
- 19 a. Highway Fund Total
- 20 b. Highway Trust Fund Total
- 21 c. Statutory Cash Requirement"
- 22

23 HIGHWAY DIVISIONS ANNUAL REPORT

24 **SECTION 41.22.** G.S. 143C-6-11 is amended by adding a new subsection to read:

25 "(s) No later than September 1 of each year, the Department of Transportation shall submit
 26 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an
 27 annual report on the prior fiscal year allocations and expenditures for each highway division that
 28 contains the following information:

- 29 (1) A chart detailing all Highway Fund allocations allotted to each highway
 30 division by category and purpose, the actual amount spent by each division,
 31 and any funds remaining for each division for the fiscal year.
- 32 (2) The amount of funds reallocated between divisions under G.S. 136-44.6 by
 33 division source and recipient.
- 34 (3) The overdrafts and carryforward amounts in total and by division."
- 35

36 REST AREAS

37 **SECTION 41.23.(a)** No later than August 15, 2021, the Department of
 38 Transportation shall open and fully operate all rest areas owned or maintained by the Department.

39 **SECTION 41.23.(b)** Article 7 of Chapter 136 of the General Statutes is amended by
 40 adding a new section to read:

41 **"§ 136-102.10. Rest areas report.**

42 No later than October 1 of each year, the Department shall submit an annual report to the
 43 Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that
 44 contains the following information:

- 45 (1) Total inventory of rest areas.
- 46 (2) Location and description of each rest area to include condition of the rest area
 47 buildings, parking, landscape, ingress and egress roads, restrooms, lighting,
 48 vending, whether collocated with a welcome center, and availability of Wi-Fi
 49 and cell phone service strength.
- 50 (3) Most recent reopening date and the reason and length of closure before
 51 reopening.

- 1 (4) Actual expenditures by categories to include staff, contracts, building
2 operations, and other maintenance.
3 (5) Number of estimated visitors and how estimated visitors are calculated.
4 (6) Planned renovations and closures for renovations."
5

6 **INCREASE NUMBER OF BOARD OF TRANSPORTATION APPOINTEES**
7 **PERMITTED FROM THE SAME HIGHWAY DIVISION**

8 **SECTION 41.24.** G.S. 143B-350(b)(1) reads as rewritten:

9 "(b) Membership of the Board. –

- 10 (1) Number, appointment. – The Board of Transportation shall have 20 voting
11 members. Voting members shall be appointed as provided in subdivisions (2)
12 and (3) of this subsection for terms of office beginning July 31 of the year of
13 initial appointment, and every four years thereafter. Fourteen of the members
14 shall be division members appointed by the Governor. Six members shall be
15 at-large members appointed by the General Assembly, three upon
16 recommendation of the President Pro Tempore of the Senate and three upon
17 recommendation of the Speaker of the House of Representatives. The
18 Secretary of Transportation shall serve as an ex officio nonvoting member of
19 the Board. No more than ~~two~~three members of the Board may reside in the
20 same highway division."
21

22 **LITTER CLEANUP**

23 **SECTION 41.25.(a)** G.S. 136-28.12 reads as rewritten:

24 "**§ 136-28.12. Litter removal coordinated with mowing of highway rights-of-way.**

25 ~~The Department of Transportation shall, to the extent practicable, schedule the removal of~~
26 ~~debris, trash, and litter from highways and highway rights of way prior to the mowing of~~
27 ~~highway rights of way. The Department of Transportation shall include as a term of any contract~~
28 ~~that it enters into for the mowing of a highway right of way that the contracting party shall, to~~
29 ~~the extent practicable, coordinate with the scheduled removal of debris, trash, and litter from the~~
30 ~~highway and highway right of way prior to the mowing of the highway right of way.~~

31 (a) For State-maintained roads, the Department of Transportation shall coordinate litter
32 removal and mowing as follows:

- 33 (1) If the highway right-of-way to be mowed is part of the primary road system,
34 the Department shall schedule the removal of litter before the right-of-way is
35 mowed.
36 (2) If the highway right-of-way to be mowed is part of the secondary road system,
37 the Department shall schedule, to the extent practicable, the removal of litter
38 before the right-of-way is mowed.

39 (b) The Department shall require as a term of any contract to mow or remove litter that
40 the contracting party agree to the provisions in subsection (a) of this section."

41 **SECTION 41.25.(b)** Report on Litter Management System. – On or before January
42 15, 2022, the Department of Transportation shall report to the Joint Legislative Transportation
43 Oversight Committee and the Fiscal Research Division on the effectiveness of the Department's
44 Litter Management System website and interactive map, including impacts on participation in
45 litter management programs.

46 **SECTION 41.25.(c)** This section is effective when it becomes law. Subsection (a)
47 of this section applies to contracts entered into on or after January 1, 2022.
48

49 **AUTHORIZE REVISOR OF STATUTES TO MAKE CONFORMING CHANGES TO**
50 **STATUTE FOR THE DMV QUADRENNIAL FEE INCREASE**

51 **SECTION 41.26.** G.S. 20-4.02 reads as rewritten:

1 **"§ 20-4.02. Quadrennial adjustment of certain fees and rates.**

2 (a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter,
3 the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this
4 subsection for inflation in accordance with the Consumer Price Index computed by the Bureau
5 of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection
6 shall be rounded to the nearest cent and all other adjustments under this subsection shall be
7 rounded to the nearest twenty-five cents (25¢):

8 ...

9 (c) Rules. – The provisions of Chapter 150B of the General Statutes ~~shall~~do not apply to
10 the inflation adjustment required by this section.

11 (d) Consultation and Publication. – At least 90 days prior to making an adjustment
12 pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1 to
13 the contrary, the Division shall (i) consult with the Joint Legislative Commission on
14 Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations
15 Committee on ~~Department of~~ Transportation and the House of Representatives Appropriations
16 Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the
17 offices of the Division and on the Division's ~~Web site~~website. After making the adjustment, the
18 Division shall notify the Revisor of Statutes who shall adjust the amounts in statute.

19"

20
21 **POWELL BILL REDUCTIONS PROHIBITED**

22 **SECTION 41.27.** For the 2021-2023 fiscal biennium, the Department of
23 Transportation shall not reduce the funds appropriated under this act to the State Aid–Powell Bill
24 Fund for allocation under the Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).

25
26 **TRANSPORTATION EMERGENCY RESERVE/INCREASE RESERVE**

27 **SECTION 41.28.** G.S. 136-44.2E reads as rewritten:

28 **"§ 136-44.2E. Transportation Emergency Reserve.**

29 ...

30 (b) Funding; Use of Funds. – Subject to subsection (d) of this section, no later than July
31 30 of each fiscal year, the Department of Transportation shall transfer from the Highway Fund
32 to the Emergency Reserve the sum of ~~one hundred twenty five million dollars (\$125,000,000)~~,
33 one hundred fifty million dollars (\$150,000,000), and these funds are hereby appropriated for
34 expenses related to an emergency. For purposes of this section, the term "emergency" has the
35 same meaning as in G.S. 166A-19.3.

36 ...

37 (d) Limitation on Funds. – The total funds in the Emergency Reserve shall not exceed the
38 sum of ~~one hundred twenty five million dollars (\$125,000,000)~~ one hundred fifty million dollars
39 (\$150,000,000). If a transfer under subsection (b) of this section would cause the Emergency
40 Reserve to exceed this limitation, the amount transferred shall equal the difference between ~~one~~
41 ~~hundred twenty five million dollars (\$125,000,000)~~ one hundred fifty million dollars
42 (\$150,000,000) and the amount of funds in the Emergency Reserve on the transfer date set forth
43 in subsection (b) of this section.

44"

45
46 **AUTHORIZE ONLINE RENEWALS FOR DMV-ISSUED LICENSES, PERMITS,**
47 **CERTIFICATES, AND REGISTRATIONS**

48 **SECTION 41.29.** Article 1 of Chapter 20 of the General Statutes is amended by
49 adding a new section to read:

50 **"§ 20-4.04. Division authority to create electronic systems for renewals.**

1 (a) Authorization. – The Division is authorized to establish and maintain electronic
2 systems and means for renewals of all licenses, permits, certificates, and registrations issued by
3 the Division pursuant to this Chapter for the purposes of administrative efficiency and to
4 modernize Division systems and practices. This authorization does not supersede or modify
5 specific renewal authorizations set out in this Chapter.

6 (b) Reporting Requirement. – By December 31, 2021, and annually thereafter, the
7 Division must report to the Joint Legislative Transportation Oversight Committee, the Fiscal
8 Research Division, and the Legislative Analysis Division any electronic system or means for
9 renewal that has been implemented or is in the process of being implemented. This report shall
10 also include any proposed legislative recommendations necessary as conforming changes to the
11 General Statutes."

12 13 **HANDICAPPED PLACARD ONLINE RENEWAL**

14 **SECTION 41.30.(a)** G.S. 20-37.6(c1) reads as rewritten:

15 "(c1) Application and Renewal; Medical Certification. – The initial application for a
16 distinguishing license plate, removable windshield placard, or temporary removable windshield
17 placard shall be accompanied by a certification of a licensed physician, a licensed
18 ophthalmologist, a licensed optometrist, a licensed physician assistant, a licensed nurse
19 practitioner, or the Division of Services for the Blind that the applicant or person in the applicant's
20 custody or care is handicapped or by a disability determination by the United States Department
21 of Veterans Affairs that the applicant or person in the applicant's custody or care is handicapped.
22 For an initial application for a temporary removable windshield placard only, the certification
23 that the applicant is handicapped may be made by a licensed certified nurse midwife. The
24 application for a temporary removable windshield placard shall contain additional certification
25 to include the period of time the certifying authority determines the applicant will have the
26 disability. Distinguishing license plates shall be renewed annually, but subsequent applications
27 shall not require a medical certification that the applicant is handicapped, except that a registered
28 owner that certified pursuant to subsection (b) of this section that the registered owner is the
29 guardian or parent of a handicapped person must recertify every five years. Removable
30 windshield placards shall be renewed every five years, and, except for a person certified as totally
31 and permanently disabled at the time of the initial application or a prior renewal under this
32 subsection, the renewal shall require a medical recertification that the person is handicapped;
33 provided that a medical certification shall not be required to renew any placard that expires after
34 the person to whom it is issued is 80 years of age. Temporary removable windshield placards
35 shall expire no later than six months after issuance. The Division shall offer renewal of
36 handicapped credentials in person and online on the Division's website."

37 **SECTION 41.30.(b)** This section becomes effective October 1, 2021.

38 39 **DISQUALIFICATIONS FOR LIFE FROM DRIVING A COMMERCIAL MOTOR** 40 **VEHICLE FOR CERTAIN CONVICTIONS OF SEVERE FORMS OF** 41 **TRAFFICKING IN PERSONS**

42 **SECTION 41.31.(a)** G.S. 20-17.4 is amended by adding a new subsection to read:

43 "(c2) Life. – A person shall be disqualified from driving a commercial motor vehicle for
44 life, without the possibility of reinstatement, if convicted of a major disqualifying offense as
45 defined in 49 C.F.R. § 383.51(b)(10)."

46 **SECTION 41.31.(b)** This section becomes effective December 1, 2021, and applies
47 to offenses committed on or after that date.

48 49 **INSURANCE COMPANIES TO SUBMIT POLICY NOTIFICATIONS TO DIVISION** 50 **ELECTRONICALLY**

51 **SECTION 41.32.(a)** G.S. 20-309.2(c) reads as rewritten:

1 "(c) Form of Notice. – ~~Any insurer with twenty-five million dollars (\$25,000,000) or more~~
2 ~~in annual vehicle insurance premium volume shall submit the notices required under this section~~
3 ~~by electronic means. All other insurers may shall~~ submit the notices required under this section
4 by either paper or electronic means."

5 **SECTION 41.32.(b)** This section becomes effective October 1, 2021.

6
7 **REVISE VEHICLE DEALER LICENSING LAWS**

8 **SECTION 41.33.(a)** G.S. 20-287 reads as rewritten:

9 **"§ 20-287. Licenses required; penalties.**

10 (a) License Required. – It shall be unlawful for any new motor vehicle dealer, used motor
11 vehicle dealer, motor vehicle sales representative, manufacturer, factory branch, factory
12 representative, distributor, distributor branch, distributor representative, or wholesaler to engage
13 in business in this State without first obtaining a license as provided in this Article. If any motor
14 vehicle dealer acts as a motor vehicle sales representative, the dealer shall obtain a motor vehicle
15 sales representative's license in addition to a motor vehicle dealer's license. ~~A sales representative~~
16 ~~may have only one license. The sales representative license shall show the name of the each~~
17 dealer or wholesaler employing the sales representative. An individual who has submitted an
18 application to the Division for a sales representative license pursuant to G.S. 20-288(a) ~~shall be~~
19 ~~permitted to may~~ engage in activities as a sales representative while the application is pending
20 ~~provided that~~ under the following conditions: (i) the sales representative applicant is actively and
21 directly supervised by a licensed motor vehicle dealer or a licensed sales representative
22 designated by the dealer, ~~provided further that (ii) the applicant certifies in the application that~~
23 the applicant has not been previously denied a sales representative license for any dealer by the
24 ~~Division and that~~ Division on nonprocedural grounds, and (iii) the applicant has not been
25 previously convicted of a felony. Any license issued by the Division to a motor vehicle dealer,
26 manufacturer, factory branch, factory representative, distributor, distributor branch, distributor
27 representative, or wholesaler under this Article may not be assigned, sold, or otherwise
28 transferred to any other person or entity.

29 (b) Civil Penalty for Violations by Licensee. – In addition to any other punishment or
30 remedy under the law for any violation of this section, the Division may levy and collect a civil
31 penalty, in an amount not to exceed one thousand dollars (\$1,000) for each violation, against any
32 person who has obtained a license pursuant to this ~~section, section, or is an applicant for a license~~
33 under this section, if it finds that the ~~licensee person~~ has violated any of the provisions of
34 G.S. 20-285 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by
35 the Division relating to the sale of vehicles, vehicle titling, or vehicle registration. If the Division
36 finds that a sales representative applicant has violated any of these provisions, the penalty shall
37 be assessed against the applicant unless the Division finds that a dealership owner, manager, or
38 officer had knowledge of the violation before the application was submitted to the Division.

39 (c) Civil Penalty for Violations by Person Without a License. – In addition to any other
40 punishment or remedy under the law for any violation of this section, the Division may levy and
41 collect a civil penalty, in an amount not to exceed five thousand dollars (\$5,000) for each
42 violation, against any person who is required to obtain a license under this section and has not
43 obtained the license, if it finds that the person has violated any of the provisions of G.S. 20-285
44 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by the Division
45 relating to the sale of vehicles, vehicle titling, or vehicle registration."

46 **SECTION 41.33.(b)** G.S. 20-294 reads as rewritten:

47 **"§ 20-294. Grounds for denying, suspending, placing on probation, or revoking licenses.**

48 ~~The~~ In accordance with G.S. 20-295 and G.S. 20-296, the Division may deny, suspend, place
49 on probation, or revoke a license issued under this Article for any one or more of the following
50 grounds:

51 (1) Making a material misstatement in an application for a license.

- 1 (2) Willfully and intentionally failing to comply with this Article, Article 15 of
2 this Chapter, or G.S. 20-52.1, 20-75, 20-79.1, 20-79.2, 20-108, 20-109,
3 20-109.3, or a rule adopted by the Division under this Article. It shall be an
4 affirmative defense, exclusive to the dealer licensee, if the violation is a result
5 of fraud, theft, or embezzlement against the licensee. Responsible persons,
6 including officers, directors, and sales representative licensees, may be
7 charged individually if they actively and knowingly participated in the
8 unlawful activity. This affirmative defense is waived if any violation charged
9 creates an unrecoverable loss for a citizen or another licensed motor vehicle
10 dealer of this State.
- 11 ...
- 12 (4) Willfully defrauding any retail or wholesale buyer, to the buyer's damage, or
13 any other person in the conduct of the licensee's business.
- 14 ...
- 15 (6) Using unfair methods of competition or unfair or deceptive acts or
16 ~~practices.~~ practices that cause actual damages to the buyer.
- 17 ...
- 18 (9) Being convicted of an offense set forth under ~~G.S. 20-106,~~ G.S. 14-71.2,
19 20-106.1, 20-107, or 20-112 while holding such a license or within five years
20 next preceding the date of filing the application; or being convicted of a felony
21 involving moral turpitude under the laws of this State, another state, or the
22 United States. It shall be an affirmative defense, and will operate as a stay of
23 this violation, if the person charged is determined to qualify and obtains
24 expunction, certificate of relief, or pardon or if the violative conviction is
25 vacated. If relief is granted, this violation is dismissed. If relief is denied, the
26 stay is lifted.
- 27 ...
- 28 (11) Knowingly giving an incorrect certificate of title, or failing to give a certificate
29 of title to a purchaser, a lienholder, or the Division, as appropriate, after a
30 vehicle is sold. It shall be an affirmative defense, exclusive to the dealer
31 licensee, if it is found that the violation is a result of fraud, theft, or
32 embezzlement against the licensee. Officers, directors, members, and sales
33 representative licensees may be charged individually if they actively and
34 knowingly participated in the unlawful activity. This affirmative defense is
35 waived if any violation charged creates an unrecoverable loss for a citizen or
36 another licensed motor vehicle dealer of this State.
- 37 (12) ~~Making~~ Knowingly making a material misstatement in an application for a
38 dealer license plate.

39"
40 **SECTION 41.33.(c)** G.S. 14-86.1(a) reads as rewritten:
41 "(a) All conveyances, including vehicles, watercraft or aircraft, used to unlawfully
42 conceal, convey or transport property in violation of G.S. 14-71, 14-71.1, or ~~20-106,~~ 14-71.2, or
43 used by any person in the commission of armed or common-law robbery, or used in violation of
44 G.S. 14-72.7, or used by any person in the commission of any larceny when the value of the
45 property taken is more than two thousand dollars (\$2,000) shall be subject to forfeiture as
46 provided herein, except that:

47"
48 **SECTION 41.33.(d)** G.S. 20-299 reads as rewritten:
49 **"§ 20-299. Acts of officers, directors, partners, salesmen and other representatives.**
50 (a) ~~If a licensee is a copartnership or a corporation, it shall be sufficient cause for the~~
51 ~~denial, suspension or revocation of a license that any officer, director or partner of the~~

1 ~~eo~~partnership or corporation has committed any act or omitted any duty which would be cause
2 for refusing, suspending or revoking a license to such party as an individual. Each licensee shall
3 be responsible for the acts of any or all of his salesmen while acting as his agent. The Division
4 may deny, suspend, place on probation, or revoke a license issued to a corporation, limited
5 liability company, limited liability partnership, or any other business entity that is a licensee
6 under this Article if more than fifty percent (50%) of the business entity ownership engaged in
7 conduct prohibited by G.S. 20-294. A license issued to a business entity under this Article may
8 also be revoked if any damages suffered due to a violation of this Article are not satisfied,
9 including damages caused by a sales representative while acting as an agent of the business entity.
10 An owner of a business entity that did not engage personally in a violation of G.S. 20-294 and
11 did not knowingly omit any duty may not be penalized for the acts of a business entity found to
12 have violated this section.

13"

14 **SECTION 41.33.(e)** This section becomes effective October 1, 2021.

15
16 **DMV/STUDY TRANSFERRING VEHICLE DEALER LICENSE AND SAFETY AND**
17 **EMISSIONS INSPECTION HEARINGS FROM DMV TO OFFICE OF**
18 **ADMINISTRATIVE HEARINGS**

19 **SECTION 41.34.(a)** The Division of Motor Vehicles, in consultation with the Office
20 of Administrative Hearings and the Attorney General, shall study the feasibility of transferring
21 (i) dealer license hearings pursuant to G.S. 20-296 and (ii) safety and emissions inspection
22 hearings pursuant to Article 3A of Chapter 20 of the General Statutes from the Division of Motor
23 Vehicles to the Office of Administrative Hearings. The study shall:

- 24 (1) Provide a five-year history of the number of dealer license and safety and
25 emissions inspection hearings conducted by the Division, including annually
26 collected receipts.
- 27 (2) Identify personnel requirements for these hearings, including the total number
28 of Division staff assigned to the hearings and the educational and professional
29 requirements associated with all assigned positions.
- 30 (3) Provide an itemized estimate of costs incurred by the Division when
31 conducting these hearings.
- 32 (4) Describe the Division's current procedures for administrating these hearings,
33 including the appeals process.
- 34 (5) Propose new procedures for administrating these hearings if they are
35 transferred, including the new fee structure and appeals process. This proposal
36 shall clearly highlight the differences between the current administrative
37 procedures and the proposed new procedures.
- 38 (6) Evaluate the advantages and disadvantages of the current administrative
39 procedures and the proposed new procedures.
- 40 (7) Examine applicable federal and State law, noting any due process
41 implications.
- 42 (8) Provide a plan for implementing the transfer of hearings. The plan shall
43 address (i) anticipated workload changes, (ii) anticipated changes to staffing
44 needs for any entity affected by the transfer, (iii) estimated one-time and
45 annual costs to the Division or any other State agency resulting from the
46 transfer, (iv) estimated cost savings for the Division or any other State agency
47 resulting from the transfer, (v) changes in revenue for the Division or any
48 other State agency resulting from the transfer, (vi) legislative changes
49 necessary to implement the plan, and (vii) an estimated time line for
50 implementation, including steps required to facilitate the transfer.

1 (9) Provide separate statements from the Division, the Attorney General, and the
2 Office of Administrative Hearings indicating whether they are in favor of or
3 opposed to implementing the transfer.

4 (10) Explore any other issue deemed relevant.

5 **SECTION 41.34.(b)** By January 31, 2022, the Division of Motor Vehicles shall
6 submit the findings of the study to the Joint Legislative Transportation Oversight Committee and
7 the Fiscal Research Division.

8 9 **LENDERS MAY OBTAIN COLOR IMAGE OF BORROWER'S DRIVERS LICENSE**

10 **SECTION 41.35.(a)** G.S. 20-30(6) reads as rewritten:

11 "(6) To make a color photocopy or otherwise make a color reproduction of a
12 drivers license, learner's permit, or special identification card ~~which has been~~
13 ~~color photocopied or otherwise reproduced in color, card,~~ unless such color
14 photocopy or other color reproduction was authorized by the Commissioner
15 or is made to comply with G.S. 163-230.2. It shall be lawful to make a black
16 and white photocopy of a drivers license, learner's permit, or special
17 identification card or otherwise make a black and white reproduction of a
18 drivers license, learner's permit, or special identification card. This
19 subdivision does not apply to a lender that is licensed or otherwise authorized
20 to engage in the lending business in this State, or to a licensed motor vehicle
21 dealer, creating, storing, or receiving, in the ordinary course of business, a
22 color image of a drivers license, learner's permit, or special identification card
23 of a borrower or loan applicant."

24 **SECTION 41.35.(b)** This section becomes effective October 1, 2021.

25 26 **MANDATORY REPLACEMENT OF DEALER PLATES**

27 **SECTION 41.36.(a)** G.S. 20-79 is amended by adding a new subsection to read:

28 "(c1) Dealer Plate Mandatory Replacement. – Notwithstanding G.S. 20-63.1, registration
29 plates issued under this section shall be replaced every three years."

30 **SECTION 41.36.(b)** This section becomes effective October 1, 2021.

31 32 **PRINT LICENSE RENEWAL GRACE PERIOD ON DEALER'S BLUE LICENSE**

33 **SECTION 41.37.(a)** G.S. 20-295(b) reads as rewritten:

34 "(b) Pending License Renewal Grace Period. – When an application for license renewal
35 has been timely submitted prior to expiration of the license, the license shall remain valid for up
36 to 30 days after the expiration date until the Division grants or denies the application. The
37 Division shall (i) ensure that any database maintained by the Division that indicates the status of
38 a license issued under this Article reflects that the license continues to be valid during this
39 ~~period~~ period and (ii) send a temporary license to the applicant for display while the Division
40 reviews the application."

41 **SECTION 41.37.(b)** This section becomes effective October 1, 2021.

42 43 **MANUFACTURED HOMES**

44 **SECTION 41.38.(a)** G.S. 20-109.2 reads as rewritten:

45 "**§ 20-109.2. Surrender of title to manufactured home.**

46 ...

47 (d) Application for Title After Cancellation. – If the owner of a manufactured home
48 whose certificate of title has been cancelled under this section subsequently seeks to separate the
49 manufactured home from the real property, the owner may apply for a new certificate of title.
50 The owner must submit to the Division an affidavit containing the same information set out in
51 subsection (b) of this section, verification that the manufactured home has been removed from

1 the real property, verification of the identity of the current owner of the real property upon which
2 the manufactured home was located, and written consent of any affected owners of recorded
3 mortgages, deeds of trust, or security interests in the real property where the manufactured home
4 was placed. ~~The Commissioner may require evidence sufficient to demonstrate that all affected~~
5 ~~owners of security interests have been notified and consent.~~ Upon receipt of this information,
6 together with a title application and required fee, the Division shall issue a new title for the
7 manufactured home in the name of the current owner of the real property upon which the
8 manufactured home was located.

9 ...

10 (f) No Right of Action. – A person damaged by the cancellation of a certificate of title
11 pursuant to subsection (a1) of this section does not have a right of action against the
12 ~~Division~~Division or a commission contractor of the Division."

13 **SECTION 41.38.(b)** G.S. 20-58.3A(g) reads as rewritten:

14 "(g) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the
15 General Statutes and a commission contractor of the Division shall not be subject to a claim or
16 cause of action related to the renewal of the perfection of a security interest or the failure to
17 acknowledge or give effect to an expired perfection of a security interest on a certificate of title
18 for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~
19 Division, or a commission contractor of the Division, on any application for renewal submitted
20 to the ~~Division~~Division, or a commission contractor of the Division, by a third party pursuant to
21 this section or based on the automatic expiration of a perfection of a security interest pursuant to
22 this section."

23 **SECTION 41.38.(c)** G.S. 20-58.4 reads as rewritten:

24 "**§ 20-58.4. Release of security interest.**

25 ...

26 (c) An owner, upon securing the release of any security interest in a vehicle shown upon
27 the certificate of title issued therefor, may exhibit the documents evidencing such release, signed
28 by the person or persons making such release, and the certificate of title to the ~~Division~~Division,
29 or a commission contractor of the Division, which shall, when satisfied as to the genuineness ~~and~~
30 ~~regularity~~ of the release, issue to the owner either a new certificate of title in proper form or an
31 endorsement or rider attached thereto showing the release of the security interest.

32 (d) If an owner exhibits documents evidencing the release of a security interest as
33 provided in subsection (c) of this section but is unable to furnish the certificate of title to the
34 ~~Division~~Division, or a commission contractor of the Division, because it is in possession of a
35 prior secured party, the Division, when satisfied as to the genuineness ~~and regularity~~ of the
36 release, shall procure the certificate of title from the person in possession thereof for the sole
37 purpose of noting thereon the release of the subsequent security interest, following which the
38 Division shall return the certificate of title to the person from whom it was obtained and notify
39 the owner that the release has been noted on the certificate of title.

40 ...

41 (e1) If the vehicle is a manufactured home, the owner may proceed in accordance with
42 subsection (e) of this section or may, in the alternative, provide the Division with a sworn
43 affidavit by the owner stating that the debt has been satisfied and that either:

- 44 (1) After diligent inquiry, the owner has been unable to determine the identity or
45 the current location of the secured creditor or its successor in interest; or
- 46 (2) The secured creditor has not responded within 30 days to a written request
47 from the owner to release the secured creditor's security interest.

48 For purposes of this subsection, the term "owner" shall mean any of the following: (i) the
49 owner of the manufactured home; (ii) the owner of real property on which the manufactured
50 home is affixed; or (iii) a title insurance company as insurer of an insured owner of real property
51 on which the manufactured home is affixed.

1 (e2) The Division ~~may~~shall treat either of the methods employed by the owner pursuant
2 to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section
3 when satisfied as to the genuineness, truth and sufficiency thereof. ~~Prior to cancellation of a~~
4 ~~security interest under the provisions of this subsection, at least 15 days' notice of the pendency~~
5 ~~thereof shall be given to the secured party at his last known address by the Division by registered~~
6 ~~letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15~~
7 ~~days after the Division gives notice, the secured party responds to the Division indicating that~~
8 ~~the security interest remains in effect. Before cancelling a security interest under this section, the~~
9 Division, or a commission contractor of the Division, shall send notice to the last known address
10 of the secured party. If the secured party files an objection within 15 days after notice was sent,
11 the security interest shall not be cancelled.

12 (f) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the
13 General Statutes and a commission contractor of the Division shall not be subject to a claim of
14 cause of action related to the release of the perfection of a security interest on a certificate of title
15 for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~
16 Division, or a commission contractor of the Division, on any release, affidavit, notation of the
17 certificate of title, or documents evidencing the release or satisfaction of a security interest
18 submitted to the ~~Division~~Division, or a commission contractor of the Division, by a third party
19 pursuant to this section."

20 **SECTION 41.38.(d)** The Division of Motor Vehicles shall create a form for use by
21 employees, agents, and commission contractors of the Division in the cancellation, release, or
22 renewal of a security interest in a manufactured home and the surrender of title to a manufactured
23 home. On or before December 1, 2021, the Division shall publish this form on its website and
24 otherwise make it available to the public.

25 **SECTION 41.38.(e)** This section becomes effective October 1, 2021.

27 APPLICATION FOR NOTATION OF SECURITY INTEREST BY LENDER 28 MODIFICATIONS

29 **SECTION 41.39.(a)** G.S. 20-58(a)(2) reads as rewritten:

30 "(2) If the vehicle is registered in this State, the application for notation of a
31 security interest shall be in the form prescribed by the Division, signed by the
32 debtor, and contain the date of application of each security interest, and name
33 and address of the secured party from whom information concerning the
34 security interest may be obtained. The application may be signed by electronic
35 signature by the debtor without notarization, provided the application is
36 submitted by a licensed or regulated lender in this State having a lienholder
37 identification number issued by the Division. The application must be
38 accompanied by the existing certificate of title unless in the possession of a
39 prior secured party or in the event the manufacturer's statement of origin or
40 existing certificate of title (i) was not delivered to the dealer or (ii) was lost or
41 misplaced on the date the dealer sells or transfers the motor vehicle. If there
42 is an existing certificate of title issued by this or any other jurisdiction in the
43 possession of a prior secured party, the application for notation of the security
44 interest shall in addition contain the name and address of such prior secured
45 party. An application for notation of a security interest may be signed by the
46 secured party instead of the debtor when the application is accompanied by
47 documentary evidence of the applicant's security interest in that motor vehicle
48 signed by the debtor and by affidavit of the applicant stating the reason the
49 debtor did not sign the application. An application for a notation of a security
50 interest submitted to the Division signed by the secured party instead of the
51 debtor does not require documentary evidence of the applicant's security

1 interest in that motor vehicle signed by the debtor, provided the application is
2 submitted by a licensed or regulated lender in this State having a lienholder
3 identification number issued by the Division. In the event the certificate
4 cannot be obtained for recordation of the security interest, when title remains
5 in the name of the debtor, the Division shall cancel the certificate and issue a
6 new certificate of title listing all the respective security interests. Neither the
7 Division nor its commission contractors shall be liable for any cause of action
8 arising from a notation of security interest placed on a certificate of title
9 pursuant to applications submitted to the Division fraudulently or erroneously
10 by a licensed or regulated lender in this State having a lienholder identification
11 number issued by the Division. Any entity offering an electronic signature
12 process for applications submitted pursuant to this subdivision assumes all
13 responsibility and liability for the accuracy of the signature. The Division and
14 its commission contractors shall be held harmless from any liability to a claim
15 arising from applications submitted with an inaccurate electronic signature
16 pursuant to this subdivision."

17 **SECTION 41.39.(b)** This section becomes effective October 1, 2021, and applies to
18 applications for notation of security interests submitted to the Division of Motor Vehicles on or
19 after that date.

20 21 **ELECTRONIC LIEN SYSTEM CONTRACTORS MUST HAVE EXPERIENCE IN** 22 **ELECTRONIC LIENS**

23 **SECTION 41.40.(a)** G.S. 20-58.4A(d) reads as rewritten:

24 "(d) Qualified vendors and service providers shall have experience in directly providing
25 electronic lien and title solutions to State motor vehicle departments or agencies."

26 **SECTION 41.40.(b)** This section becomes effective October 1, 2021.

27 28 **COMMERCIAL DRIVER TRAINING SCHOOL ROAD TEST AUTHORIZATION**

29 **SECTION 41.41.(a)** G.S. 20-11(d)(3), as amended by S.L. 2021-24, reads as
30 rewritten:

31 "(3) Passes a road test administered by the ~~Division~~ Division or by a commercial
32 driver training school certified by the Division to administer road tests."

33 **SECTION 41.41.(b)** G.S. 20-320 reads as rewritten:

34 **"§ 20-320. Definitions.**

35 As used in this Article:

36 (1) "Commercial driver training school" or "school" means a business enterprise
37 conducted by an individual, association, partnership or corporation which
38 educates or trains persons to operate or drive motor ~~vehicles~~ vehicles,
39 administers road tests pursuant to G.S. 20-329, or which furnishes educational
40 materials to prepare an applicant for an examination given by the State for a
41 driver's license or learner's permit, and charges a consideration or tuition for
42 such service or materials.

43 (2) "Commissioner" means the Commissioner of Motor Vehicles.

44 (3) "Instructor" means any person who operates a commercial driver training
45 school or who teaches, conducts classes, gives demonstrations, administers
46 road tests, or supervises practical training of persons learning to operate or
47 drive motor vehicles in connection with operation of a commercial driver
48 training school."

49 **SECTION 41.41.(c)** Article 14 of Chapter 20 of the General Statutes is amended by
50 adding a new section to read:

51 **"§ 20-329. Commercial driver training school road test certification.**

1 (a) A licensed commercial driver training school is authorized to administer road tests
 2 required for licensure under G.S. 20-11(d)(3) only when certified under this section by the
 3 Division.

4 (b) A person that successfully passes a road test required for licensure administered by a
 5 commercial driver training school may submit proof to the Division that the person passed the
 6 road test, in a format specified by the Division, for the purpose of meeting the requirement of
 7 G.S. 20-11(d)(3).

8 (c) The Commissioner may adopt rules for school certification to administer road tests,
 9 including requirements concerning location, equipment, instructors, schedule of fees and
 10 charges, insurance, bond or other security in such sum and with such provisions as the
 11 Commissioner deems necessary to protect adequately the interests of the public, and such other
 12 matters as the Commissioner may prescribe."

13 **SECTION 41.41.(d)** This section becomes effective October 1, 2021.

14
 15 **MODIFY USE OF DOT/DMV INFORMATION TECHNOLOGY FUNDS**

16 **SECTION 41.42.** Funds appropriated in S.L. 2013-360 and S.L. 2014-100 from the
 17 Highway Fund to the Department of Transportation for replacement of the State Titling and
 18 Registration System (STARS), the State Automated Driver License System (SADLS), and the
 19 Liability Insurance Tracking and Enforcement System (LITES) may be used by the Department
 20 for IT innovation and technology modernization for the Division of Motor Vehicles and to
 21 advance the development and implementation of replacement systems for Division mainframe
 22 applications, including the State Titling and Registration System (STARS), the State Automated
 23 Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System
 24 (LITES), which includes the procurement of contractual services, hardware, and software for
 25 these modernization and replacement efforts.

26
 27 **BRIDGE NAMING**

28 **SECTION 41.43.** Notwithstanding any provision of law to the contrary, the
 29 Department of Transportation shall designate the bridges described in the subdivisions below as
 30 follows:

- 31 (1) The bridge on State Road 1341 that crosses Reedy Meadow Swamp in Bladen
 32 County as the "Ronald Phillip Allen Jr. Bridge."
- 33 (2) The bridge that connects Bruton Smith Boulevard and Concord Mills
 34 Boulevard and crosses part of Interstate 85 in the city of Concord in Cabarrus
 35 County as the "Officer Jason Shuping Bridge."
- 36 (3) The bridge on O'Berry Road crossing U.S. Highway 117 in Wayne County as
 37 the "Trooper Nolan Sanders Bridge."

38
 39 **SPECIAL PROJECTS/GRANTS-IN-AID**

40 **SECTION 41.44.(a)** Special Projects. – Of the funds appropriated in this act to the
 41 Department of Transportation for special projects, the Department of Transportation, Highways
 42 Division, shall use the following sums in nonrecurring funds for the following transportation
 43 special projects:

45 Special Project Description	45 FY 2021-22
46 Columbus County Garage	250,000
47 Ocean Blvd connecting Dow Rd in New Hanover County	485,000
48 Airport Rd Bridge connector in Gaston County	3,000,000
49 Intersection improvements US-17 and SR-1136	1,250,000
50 NC-18 Greenway crossing in Caldwell County	250,000
51 Duke St. paving project in Caldwell County	250,000

1	City of Jacksonville interchange project	5,000,000
2	Build road from Slade Park to Town of Badin	1,000,000
3	New road connecting Truist Sports Park	
4	to Yadkin Valley Drive	500,000
5	Fire Tower Rd repair in Alamance County	250,000
6	School crossing improvements in Alamance County	75,000
7	Morrow Mountain State Park road improvements	1,000,000
8	Restore bridge in Catawba County	1,000,000
9	Town of Youngsville roundabout	2,000,000
10	Big Branch Rd in Haywood County	900,000
11	Old Monroe Rd Improvements in Town of Indian Trail	10,000,000
12	Secondary roads in Ashe County and Watauga County	1,200,000
13	Relocation of US-17 bridge in Town of Hertford	800,000
14	Upgrade Weeping Mary Lane in Bertie County	1,200,000
15	C Street Improvements in City of Jacksonville	50,000
16	Whiteville Driver License Office/Troop B District V	1,200,000
17	NC-179/Ocean Isle Beach Rd (SR-1184)	7,000,000
18	Brawley School Rd construction in Iredell County	12,000,000
19	Pink Hill Elementary Driveway Safety in Lenoir County	250,000
20	I-95/I-74 Industrial Park access road and	
21	roundabout in City of Lumberton	350,000
22	Chapel and Main St. repairs in Town of St. Pauls	200,000
23	Traffic light at NC-9 and Sandy Plain Rd	75,000
24	Holberts Cove Rd and Green River Cove Rd signage	75,000
25	Green River Cove Rd and NC-176 corridor repairs	1,500,000
26	Dock Rd bridge repairs in Columbus County	9,500,000
27	NC-41 improvements in Robeson County	1,775,000
28	NC-710 improvements in Robeson County	1,775,000
29	NC-71 improvements in Robeson County	1,775,000
30	SR-2413 improvements in Robeson County	1,775,000
31	Mitchell Mountain Bridge replacement in Sparta	500,000
32	Shoals Rd improvements in Surry County	300,000
33	NC-268 widening and shoulder upgrade	
34	in Surry County and Wilkes County	500,000
35	NC-103 and McBride Rd improvements	500,000
36	NC-89 and I-77 lighting improvements in Surry County	500,000
37	NC-601 widening in Surry County	500,000
38	Town of Elkin and Town of Jonesville pedestrian footbridge	12,000,000
39	Howard Heights Rd improvements in Jones County	300,000
40	Neuse Dr improvements in Carteret County	70,000
41	Greensboro Randolph Mega Site transportation projects	250,000
42	NC-16 Business and SR-1439/SR-1387 Intersection	
43	Improvements in Lincoln County	2,300,000
44	Total	\$87,430,000

45 **SECTION 41.44.(b)** Special Projects Report. – No later than January 31, 2022, and
46 quarterly thereafter, the Department of Transportation shall submit a report to the Joint
47 Legislative Transportation Oversight Committee and the Fiscal Research Division containing the
48 following information:

- 49 (1) The scope of the project.

- 1 (2) The project management method, indicating if the project is managed at the
- 2 local highway division level or at the central office and all contracts associated
- 3 with the project.
- 4 (3) The actual project begin date and the projected or actual end-date.
- 5 (4) The total cost of the project and remaining project funds.

6 **SECTION 41.44.(c)** Grants-in-Aid for the 2021-2022 Fiscal Year. – Of the funds
 7 appropriated in this act to the Department of Transportation for grants-in-aid, the following sums
 8 in nonrecurring funds shall be disbursed to the following entities to be used exclusively for
 9 transportation-related projects:

11 Recipient	11 FY 2021-22
12 Albert J. Ellis Airport	29,000,000
13 Western Piedmont Council of Governments	5,000,000
14 City of Lumberton	2,355,000
15 City of Whiteville	2,000,000
16 Columbus County Municipal Airport	7,000,000
17 Emerging Technology Institute	2,000,000
18 Harnett Regional Jetport	2,000,000
19 Johnston Regional Airport	4,000,000
20 Town of Aberdeen	350,000
21 Town of Bakersville	500,000
22 Town of Carolina Beach	650,000
23 Town of Edenton	5,000,000
24 Town of Fuquay-Varina	10,000,000
25 Town of Holly Springs	2,500,000
26 Town of Lake Waccamaw	2,500,000
27 Town of Lenoir	250,000
28 Town of Mooresville	5,000,000
29 Town of Murphy	100,000
30 Town of Robbinsville	1,100,000
31 Town of Sparta	7,000,000
32 Town of Spruce Pine	1,000,000
33 Town of Stallings	1,600,000
34 Town of Statesville	3,000,000
35 Town of Tabor City	2,700,000
36 Town of Vanceboro	250,000
37 Town of Weddington	500,000
38 Town of Weldon	750,000
39 Town of Youngsville	1,000,000
40 Total	\$99,105,000

41 **SECTION 41.44.(d)** Grants-in-Aid Report. – No later than January 31, 2022, and
 42 quarterly thereafter until all grant-in-aid funds are disbursed, the Department of Transportation
 43 shall submit a report to the Joint Transportation Oversight Committee and the Fiscal Research
 44 Division containing the following information:

- 45 (1) Recipient of the grant-in-aid.
- 46 (2) Effective date of each contract.
- 47 (3) Date funds were disbursed for each grant.
- 48 (4) Description of projects funded by each grant.

50 **STUDY/MULTISTATE TRANSPORTATION PROJECT STIP CRITERIA**

1 **SECTION 41.45.** The Department of Transportation shall study ways to change the
 2 State Transportation Improvement Program (STIP) prioritization process in order to promote
 3 multistate transportation projects. No later than March 1, 2022, the Department of Transportation
 4 shall submit a report on the study and any recommended legislation to the Joint Legislative
 5 Transportation Oversight Committee (JLTOC) and the Fiscal Research Division.

6
 7 **STI FUNDING OF BICYCLE AND PEDESTRIAN IMPROVEMENTS**

8 **SECTION 41.46.(a)** G.S. 136-189.10 reads as rewritten:

9 **"§ 136-189.10. Definitions.**

10 The following definitions apply in this Article:

11 ...

12 (2) Division needs projects. – Includes only the following:

13 ...

14 g. ~~Federally~~Federal or local government funded independent bicycle and
 15 pedestrian improvements.

16 "

17 **SECTION 41.46.(b)** G.S. 136-189.11 reads as rewritten:

18 **"§ 136-189.11. Transportation Investment Strategy Formula.**

19 ...

20 (d) Transportation Investment Strategy Formula. – Funds subject to the Formula shall be
 21 distributed as follows:

22 ...

23 (3) Division Need Projects. – Thirty percent (30%) of the funds subject to this
 24 section shall be allocated in equal share to each of the Department divisions,
 25 as defined in G.S. 136-14.1, and used for Division Need Projects.

26 ...

27 c. Bicycle and pedestrian limitation. – The Department ~~shall not may~~
 28 provide financial support for federal or local government funded
 29 independent bicycle and pedestrian improvement projects, ~~except for~~
 30 ~~federal funds administered by the Department for that purpose. This~~
 31 ~~sub-subdivision shall not apply to funds allocated to a municipality~~
 32 ~~pursuant to G.S. 136-41.1 that are committed by the municipality as~~
 33 ~~matching funds for federal funds administered by the Department and~~
 34 ~~used for bicycle and pedestrian improvement projects. This limitation~~
 35 ~~shall not apply to funds authorized for projects in the State~~
 36 ~~Transportation Improvement Program that are scheduled for~~
 37 ~~construction as of October 1, 2013, in State fiscal year 2012-2013,~~
 38 ~~2013-2014, or 2014-2015-projects.~~

39 "

40 **SECTION 41.46.(c)** This section is effective when it becomes law.

41
 42 **REVISIONS TO OUTDOOR ADVERTISING CONTROL ACT**

43 **SECTION 41.47.(a)** G.S. 136-128 is amended by adding a new subdivision to read:

44 "(5e) "Sign not conforming to State standards" shall mean a sign which was legally
 45 erected but does not conform to the zoning, size, lighting, and spacing criteria
 46 established in State law, or State rules and regulations of the Department
 47 authorized by this Article and promulgated at a later date, or a sign which was
 48 legally erected but later fails to conform to the zoning, size, lighting, and
 49 spacing criteria established in State law, or State rules and regulations of the
 50 Department authorized by this Article."

1 **SECTION 41.47.(b)** Article 11 of Chapter 136 of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.**

4 (a) Subject to subsection (c) of this section, in order to minimize the amount of just
5 compensation due, whenever property on which a lawfully erected outdoor advertising sign is
6 located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department
7 of Transportation, and the acquiring party requires removal of the sign, or whenever the
8 construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor
9 advertising sign, the eligible sign is permitted to be relocated and reconstructed, subject to all of
10 the following requirements:

- 11 (1) The new site for relocation is permitted to be any area within 660 feet of the
12 nearest edge of the right-of-way of a highway on the National System of
13 Interstate and Defense Highways or the federal aid primary highway system
14 within the same zoning jurisdiction as the relocated site or, if the relocated site
15 is within an unzoned city or county, then within the same territorial limits.
- 16 (2) The new site for relocation must be conforming to State standards as set forth
17 in this Article and pursuant to rules and regulations promulgated by the
18 Department as authorized by this Article.
- 19 (3) The new site for relocation must be along a highway on the interstate system
20 or primary systems that has the same route number and letter or one of the
21 same route numbers and letters as the highway adjacent to the relocated site.
- 22 (4) The reconstruction of the outdoor advertising sign at the new site shall comply
23 with G.S. 136-131.2.
- 24 (5) The new site for relocation shall not be within an historic district lawfully
25 established by a local city or county government pursuant to Part 4 of Article
26 9 of Chapter 160D of the General Statutes, unless consented to by a resolution
27 adopted by the applicable local governing board.
- 28 (6) The new site for relocation shall not be adjacent to any scenic highway as
29 provided in G.S. 136-129.2; provided, however, if a relocated sign is already
30 adjacent to a scenic highway, it may be relocated within the same parcel.
- 31 (7) The construction work related to the relocation of the outdoor advertising sign
32 shall commence within one year after the date of removal.

33 The express allowances of relocation and reconstruction in this section shall apply to any
34 lawfully erected outdoor advertising sign anywhere within this State that is required to be
35 removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3,
36 or the Department of Transportation, including such signs that are not subject to the jurisdiction
37 of the Department of Transportation.

38 (b) Subject to subsection (c) of this section, any outdoor advertising sign that does not
39 otherwise qualify for relocation as provided in subsection (a) of this section and for which there
40 is in effect a valid permit issued by the Department of Transportation pursuant to this Article is
41 permitted to be relocated and reconstructed subject to all of the requirements listed in
42 subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an
43 adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10
44 years from the date of the last relocation pursuant to this subsection, however, this temporal
45 limitation does not apply to relocations within the same parcel.

46 (c) A sign not conforming to State standards shall not be relocated pursuant to this section
47 unless the nonconformity is removed as part of the relocation.

48 (d) The Department shall not require additional permits, nor revoke any existing permits,
49 for any action taken pursuant to this section. The Department may require within 30 days of the
50 completion of any action taken pursuant to this section an addendum to an existing permit
51 showing or describing the changes to the conditions of the outdoor advertising sign. The rights

1 set forth in this section shall attach to a permit issued by the Department of Transportation and
 2 shall expire with the voluntary cancellation of such permit or after the permit has been lawfully
 3 revoked and any appeals pursuant to G.S. 136-134.1 have been exhausted. The rights set forth in
 4 this section do not run with or attach to the land."

5 **SECTION 41.47.(c)** This section becomes effective January 1, 2022, and applies to
 6 signs legally erected or that require removal on or after that date.

7
 8 **NOT-FOR-HIRE ANTIQUE HEAVY VEHICLE PLATES**

9 **SECTION 41.48.(a)** G.S. 20-79.4 reads as rewritten:

10 **"§ 20-79.4. Special registration plates.**

11 ...
 12 (b) Types. – The Division shall issue the following types of special registration plates:

13 ...
 14 (94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 30 years
 15 old measured from the date of ~~manufacture.~~ manufacture, including vehicles
 16 weighing more than 6,000 pounds. The plate for an historic vehicle shall bear
 17 the word "Antique" unless the vehicle is a model year 1943 or older. The plate
 18 for a vehicle that is a model year 1943 or older shall bear the word "Antique"
 19 or the words "Horseless Carriage", at the option of the vehicle owner. The
 20 plate for an historic vehicle weighing more than 6,000 pounds shall bear the
 21 phrase "Not-for-hire."

22"

23 **SECTION 41.48.(b)** G.S. 20-88 reads as rewritten:

24 **"§ 20-88. Property-hauling vehicles.**

25 ...
 26 (b) The following fees are imposed on the annual registration of self-propelled
 27 property-hauling vehicles; the fees are based on the type of vehicle and its weight:

28 **SCHEDULE OF WEIGHTS AND RATES**

29 **Rates Per Hundred Pound Gross Weight**

	Farmer Rate
30 Not over 4,000 pounds	\$0.38
31 4,001 to 9,000 pounds inclusive	.52
32 9,001 to 13,000 pounds inclusive	.65
33 13,001 to 17,000 pounds inclusive	.88
34 Over 17,000 pounds	1.00

35 **Rates Per Hundred Pound Gross Weight**

	General Rate
36 Not over 4,000 pounds	\$0.77
37 4,001 to 9,000 pounds inclusive	1.05
38 9,001 to 13,000 pounds inclusive	1.30
39 13,001 to 17,000 pounds inclusive	1.77
40 Over 17,000 pounds	2.00

41 ...
 42 (7) The registration fee for historic vehicles licensed under G.S. 20-79.4 that
 43 weigh more than 6,000 pounds shall be calculated at the general rate. A motor
 44 vehicle displaying a historic vehicle registration plate may operate in
 45 conjunction with a trailer or semitrailer but shall not be operated in furtherance
 46 of any commercial enterprise. The driver of a vehicle who violates this
 47 subdivision is subject to the penalties set forth in G.S. 20-382.2.

48"

49 **SECTION 41.48.(c)** This section becomes effective October 1, 2021.
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ELIMINATE VACANT POSITIONS

SECTION 41.49.(a) The Department of Transportation shall eliminate the following vacant positions within the Department of Transportation:

Position Number	Position Description
60015572	Engineer II
60015950	Transportation Supervisor I
60016160	Transportation Worker IV
60016405	Engineer II
60016416	Program Coordinator I
60016469	Transportation Supervisor I
60016484	Transportation Worker IV
60016506	Transportation Worker III
60016639	Engineer I
60016656	Transportation Worker IV
60016676	Transportation Worker III
60016681	Transportation Supervisor II
60016708	Transportation Worker IV
60016747	Transportation Worker IV
60016822	Transportation Worker II
60016863	Transportation Worker III
60016938	Engineering Technician I
60016980	Transportation Supervisor I
60017047	Engineering Technician I
60017138	Administrative Associate II
60017171	Administrative Associate II
60017182	Transportation Worker II
60017230	Engineering Specialist I
60017359	Engineering Technician II
60017364	Engineering Technician I
60017379	Engineer II
60017411	Engineering Specialist II
60017441	Engineering Technician II
60017642	Engineering Supervisor I
60017661	Transportation Supervisor I
60017797	Engineer II
60017878	Engineer I
60017904	Engineering Technician III
60017912	Engineering Technician III
60017920	Engineering Technician III
60018140	Applications Technician II
60018188	Engineering Technician I
60018237	Transportation Worker I
60018292	Transportation Worker I
60018405	Engineering Technician II
60018437	Real Property Agent I
60018454	Engineering Technician I
60018632	Ferry Mate
60019047	Transportation Worker I
60019063	Transportation Worker II

1	60019066	Transportation Worker I
2	60019076	Transportation Worker I
3	60019084	Transportation Worker I
4	60019094	Transportation Worker II
5	60019114	Engineering Technician I
6	60019176	Transportation Worker I
7	60019186	Transportation Worker I
8	60019196	Transportation Worker I
9	60019200	Transportation Worker I
10	60019215	Engineering Technician I
11	60019222	Transportation Worker I
12	60019237	Transportation Worker II
13	60019242	Transportation Worker I
14	60019285	Transportation Worker I
15	60019291	Transportation Worker I
16	60019307	Transportation Worker I
17	60019308	Transportation Worker I
18	60019326	Transportation Worker II
19	60019358	Transportation Worker I
20	60019374	Transportation Worker I
21	60019399	Engineering Technician I
22	60019435	Transportation Supervisor II
23	60019449	Transportation Supervisor I
24	60019456	Transportation Worker I
25	60019457	Engineering Technician I
26	60019512	Engineering Technician I
27	60019516	Engineering Technician III
28	60019517	Engineering Technician II
29	60019521	Engineering Technician III
30	60019556	Engineering Technician II
31	60019560	Engineering Technician II
32	60019562	Engineering Technician III
33	60019568	Engineering Specialist I
34	60019577	Engineering Technician I
35	60019584	Engineer II
36	60019585	Engineering Technician I
37	60019592	Engineering Technician II
38	60019594	Engineering Technician II
39	60019598	Engineering Technician II
40	60019607	Engineering Technician I
41	60019609	Engineering Technician I
42	60019613	Engineering Technician I
43	60019623	Engineering Technician I
44	60019709	Transportation Worker I
45	60019769	Transportation Worker I
46	60019793	Transportation Worker I
47	60019881	Transportation Supervisor I
48	60019897	Transportation Worker IV
49	60019901	Transportation Worker IV
50	60019983	Transportation Worker IV
51	60020032	Engineering Technician I

1	60021224	Engineering Technician II
2	60021295	Transportation Supervisor I
3	60021318	Transportation Worker IV
4	60021359	Engineer II
5	60021542	Engineering Technician III
6	60021602	Engineering Technician I
7	60021615	Engineering Technician I
8	60021655	Engineering Technician II
9	60021684	Transportation Supervisor I
10	60021690	Transportation Worker IV
11	60021704	Transportation Worker IV
12	60021712	Transportation Worker IV
13	60021814	Transportation Worker I
14	60021829	Transportation Worker II
15	60021847	Transportation Worker II
16	60021879	Transportation Worker II
17	60021908	Transportation Supervisor I
18	60021937	Transportation Worker IV
19	60021972	Transportation Worker III
20	60022021	Transportation Supervisor I
21	60022090	Transportation Worker II
22	60022108	Transportation Worker I
23	60022132	Transportation Supervisor I
24	60022226	Engineering Supervisor II
25	60022270	Engineering Supervisor II
26	60022402	Transportation Worker III
27	60022418	Transportation Worker III
28	60022431	Engineering Manager II
29	60022435	Transportation Supervisor I
30	60022604	Engineering Supervisor I
31	60022621	Engineering Technician I
32	60022629	Engineering Technician I
33	60022632	Engineering Supervisor II
34	60022685	Engineer II
35	60022697	Engineering Technician I
36	60022708	Engineer Specialist I
37	60022710	Engineering Technician I
38	60022720	Transportation Supervisor I
39	60023390	Engineering Technician I
40	60023418	Vehicle/Equipment Repair Technician II
41	60023452	Engineering Technician I
42	60023748	Engineering Technician I
43	60023764	Engineering Technician II
44	60023784	Engineering Technician I
45	60023789	Engineering Technician I
46	60023847	Transportation Supervisor I
47	60023972	Bridge Inspector II
48	60024157	Maintenance/Construction Technician I
49	60024187	Vehicle/Equipment Repair Technician II
50	60024202	Vehicle/Equipment Repair Technician II
51	60024310	Vehicle/Equipment Repair Technician II

1	60024344	Administrative Associate II
2	60024357	Vehicle/Equipment Repair Technician III
3	60024362	Vehicle/Equipment Repair Technician III
4	60024379	Vehicle/Equipment Repair Technician II
5	60024385	Vehicle/Equipment Repair Technician I
6	60024388	Vehicle/Equipment Repair Technician I
7	60024389	Vehicle/Equipment Repair Technician I
8	60024403	Vehicle/Equipment Repair Supervisor I
9	60024422	Vehicle/Equipment Repair Technician III
10	60024466	Vehicle/Equipment Repair Technician I
11	60024474	Administrative Associate II
12	60024740	Machinist
13	60024851	Applications Technician II
14	60025098	Engineering Supervisor I
15	60025203	Engineering Technician II
16	60025381	Engineer III
17	60025413	Program Analyst II
18	60025467	Engineer II
19	60025626	Transportation Worker I
20	60025640	Transportation Worker II
21	60025655	Engineering Technician II
22	60025992	Engineering Manager I
23	60026288	Transportation Worker III
24	60026332	Transportation Worker II
25	60026335	Transportation Worker I
26	60026702	Real Property Agent I
27	60026749	Real Property Agent I
28	60026751	Real Property Agent I
29	60026780	Real Property Agent I
30	60026799	Real Property Agent I
31	60026855	Real Property Appraiser I
32	60026862	Real Property Appraiser I
33	60026875	Real Property Appraiser I
34	60026878	Real Property Appraiser I
35	60026927	Real Property Agent I
36	60026935	Real Property Appraiser II
37	60027163	Engineer III
38	60027364	Engineer III
39	60027615	Engineer I
40	60028919	Administrative Specialist I
41	60029238	Management Engineer I
42	60029269	Engineer II
43	60029310	IT Business System Analyst II
44	60029316	Engineer III
45	60029490	Environmental Program Consultant
46	60029492	Engineer III
47	65010879	Program Coordinator IV
48	65013355	Engineer III
49	65022664	Ferry Crew Member II

SECTION 41.49.(b) This section is effective when it becomes law.

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RAIL PROPERTY TRANSFER

SECTION 41.50. Notwithstanding Section 4.15(b) of S.L. 2020-91, no later than June 30, 2022, the Rail Division shall (i) relocate the three rolling stock marked RNCX 400025, RNCX 400206, and RNCX 400208 to the North Carolina Transportation Museum and (ii) transfer to the North Carolina Transportation Museum Foundation, Employer Identification Number 58-1315178, any ownership interest in the three rolling stock identified in this section.

MODIFY CAP ON CERTAIN PUBLIC PRIVATE PARTNERSHIPS

SECTION 41.51. G.S. 136-18(39a)a. reads as rewritten:

"(39a) a. The Department of Transportation ~~or~~ and Turnpike Authority, ~~as applicable, Authority~~ may enter into up to three agreements each with a private entity as provided under subdivision (39) of this section for which the provisions of this section apply."

MODIFY LIMIT ON FUNDS TO PAY MAP ACT SETTLEMENT COSTS

SECTION 41.52.(a) Section 1.4(a) of S.L. 2019-251 reads as rewritten:

"SECTION 1.4.(a) Limitation on Funds to Pay Map Act Settlement Costs. – The Department of Transportation may use no more than ~~one hundred fifty million dollars (\$150,000,000)~~ three hundred million dollars (\$300,000,000) each fiscal year to pay compensation for damages arising from the Department's recordation of a transportation corridor map under Article 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not apply to the payment of compensation for Map Act damages arising from a Turnpike project. For purposes of this section, the term "Turnpike project" has the same meaning as in G.S. 136-89.181."

SECTION 41.52.(b) Section 1.4(a) of S.L. 2019-251, as amended by subsection (a) of this section, reads as rewritten:

"SECTION 1.4.(a) Limitation on Funds to Pay Map Act Settlement Costs. – The Department of Transportation may use no more than ~~three hundred million dollars (\$300,000,000)~~ five million dollars (\$5,000,000) each fiscal year to pay compensation for damages arising from the Department's recordation of a transportation corridor map under Article 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not apply to the payment of compensation for Map Act damages arising from a Turnpike project. For purposes of this section, the term "Turnpike project" has the same meaning as in G.S. 136-89.181."

SECTION 41.52.(c) Subsection (a) of this section is effective when it becomes law. Subsection (b) of this section becomes effective July 1, 2022.

APPROVAL OF PORTS AUTHORITY CONSULTANT SERVICE CONTRACTS

SECTION 41.53. G.S. 143-64.24 is amended by adding a new subdivision to read:

"(9) The North Carolina State Ports Authority. The North Carolina State Ports Authority may contract for consultant services subject to the following conditions:

- a. If the consultant services contract is one million dollars (\$1,000,000) or less, the contract is previously approved by the board members of the North Carolina State Ports Authority.
- b. If the consultant services contract exceeds one million dollars (\$1,000,000), the contract is previously approved by the Board of Transportation.
- c. For purposes of this subdivision, approval means a finding by the approving board that the contract is in accordance with the requirements of G.S. 143-64.21."

PORTS AUTHORITY ANNUAL REPORT

SECTION 41.54. Article 20 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-280. Annual report.

Beginning October 1, 2021, and annually thereafter, the North Carolina State Ports Authority (Authority) shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report on funds appropriated to the Authority from the Highway Fund and Highway Trust Fund. The report shall include the following:

- (1) Total funds appropriated to the Authority since the 2015-2016 fiscal year through the end of the prior fiscal year, total appropriations spent by fiscal year, planned spending of any remaining unspent appropriations, and a breakdown of amount spent and planned to spend by project with a description of each project. Project description shall include how each project relates to the goals of the Authority outlined in the Authority's Strategic Plan.
- (2) Allocations of total funds appropriated for the current fiscal year, including a breakdown of amount of planned spending by project with a description of each project. Project description shall include how each project relates to the goals of the Authority outlined in the Authority's Strategic Plan.
- (3) Progress on metrics and goals outlined in the Authority's Strategic Plan."

REVISIONS TO HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM

SECTION 41.55.(a) G.S. 143B-350(f)(4a) reads as rewritten:

"(4a) To approve a schedule of State highway maintenance projects and their anticipated cost. This schedule is designated the Highway Maintenance Improvement Program and is established in G.S. 136-44.3A. The Board shall publish the schedule on the Department's ~~Web site by April 1~~ website by June 1 of each year. The document that contains the Highway Maintenance Improvement Program shall include the anticipated funding sources for the improvement projects included in the Highway Maintenance Improvement Program, ~~a list of any changes made from the previous year's Highway Maintenance Improvement Program, and the reasons for the changes.~~ Program."

SECTION 41.55.(b) G.S. 136-44.3A reads as rewritten:

"§ 136-44.3A. Highway Maintenance Improvement Program.

(a) Definitions. – The following definitions apply in this Article:

- ~~(1) Cape seal treatment. — A chip seal treatment followed by a slurry seal treatment.~~
- ~~(2) Chip seal treatment. — A type of pavement preservation treatment applied to existing asphalt pavement. The treatment involves spraying an asphalt emulsion onto the roadway, applying a layer of aggregate chips, and rolling the chips into the emulsion. This term includes single, double, and triple chip seal treatments.~~
- (3) Highway Maintenance Improvement Program. – The schedule of State highway maintenance projects required under G.S. 143B-350(f)(4a).
- (4) Highway Maintenance Improvement Program Needs Assessment. – A report of the amount of funds ~~needed, the number of affected lane miles, and the percentage of the primary and secondary system roads that are rated to need a resurfacing or pavement preservation treatment within the Highway Maintenance Improvement Program's five-year time period but are not programmed due to funding constraints.~~ needed and the quantity of work to be

1 accomplished to meet and sustain the performance standards for the State
 2 highway system in each of the maintenance program categories.

3 (5) ~~Microsurfacing treatment. — A type of pavement preservation treatment that~~
 4 ~~involves mixing fine aggregate, asphalt emulsion, minerals, water, and a~~
 5 ~~polymer additive, and applying the mixture to the roadway.~~

6 (6) ~~Pavement preservation treatment. — Includes full-width surface treatments~~
 7 ~~used to extend or renew. A pavement preservation treatment is a roadway~~
 8 improvement practice that improves roadway quality and extends or renews
 9 the pavement life. Types of pavement preservation treatment include
 10 hot-mixed asphalt overlays, cape seal treatment, chip seal treatment,
 11 microsurfacing, crack sealing, slurry seal, and fog seal.

12 (7) ~~Rehabilitation. — A contract resurfacing maintenance program that involves~~
 13 ~~applying multiple layers of pavement that exceed two inches.~~

14 (8) ~~Resurfacing. — A contract resurfacing program that involves applying one~~
 15 ~~layer that does not exceed two inches of pavement.~~

16 (9) ~~Slurry seal treatment. — A type of pavement preservation treatment that~~
 17 ~~involves mixing fine aggregate, asphalt emulsion, minerals, and water, and~~
 18 ~~applying the mixture to the roadway.~~

19 ...

20 (c) ~~Highway Maintenance Improvement Program. — After the annual inspection of roads~~
 21 ~~within the State highway system, each highway division shall determine and report to the Chief~~
 22 ~~Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation treatments, (ii)~~
 23 ~~the need for bridge and general maintenance, and (iii) projected changes to the condition of~~
 24 ~~pavement on primary and secondary roads for each year over a five year period. The Chief~~
 25 ~~Engineer shall establish a five year priority list for each highway division based on the Chief~~
 26 ~~Engineer's estimate of need. In addition, the Chief Engineer shall establish a five year~~
 27 ~~improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement~~
 28 ~~preservation treatment activities. The schedule shall be based on the amount of funds~~
 29 ~~appropriated to the contract resurfacing program and the pavement preservation program in the~~
 30 ~~fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all~~
 31 ~~five years of the Highway Maintenance Improvement Program. State funding for the Highway~~
 32 ~~Maintenance Improvement Program shall be limited to funds appropriated from the State~~
 33 Highway Fund system, all of the following shall occur:

34 (1) The Chief Engineer shall establish the annual cost to meet and sustain the
 35 performance standards for pavement, bridge, and general maintenance
 36 activities for the State highway system.

37 (2) The Division Engineer for each highway division shall determine and report
 38 to the Chief Engineer a five-year improvement schedule, sorted by county, for
 39 pavement, bridge, and general maintenance activities within each highway
 40 division. The schedule shall be based on the amount of funds appropriated to
 41 the pavement, bridge, and general maintenance programs in the fiscal year
 42 preceding the issuance of the Highway Maintenance Improvement Program
 43 for all five years of the Highway Maintenance Improvement Program. State
 44 funding for the Highway Maintenance Improvement Program shall be limited
 45 to funds appropriated from the State Highway Fund.

46 ...

47 (g) ~~Report. — The Department shall submit the Highway Maintenance Improvement~~
 48 ~~Program and Highway Maintenance Improvement Program Needs Assessment to the General~~
 49 ~~Assembly by April 1 June 1 of each year. If the General Assembly is in session, the Department~~
 50 ~~shall report to the House of Representatives Appropriations Subcommittee on Transportation,~~
 51 ~~the Senate Appropriations Committee on Transportation, and the Fiscal Research Division. If the~~

1 General Assembly is not in session, the Department shall report to the Joint Legislative
 2 Transportation Oversight Committee and the Fiscal Research Division."

3
 4 **INCREASE FUNDING FOR HISTORICAL MARKER PROGRAM**

5 **SECTION 41.56.** G.S. 136-42.3 reads as rewritten:

6 "**§ 136-42.3. Historical marker program.**

7 The Department of Transportation ~~may spend up to sixty thousand dollars (\$60,000) a year~~
 8 ~~to purchase historical markers prepared and delivered to it by the Department of Natural and~~
 9 ~~Cultural Resources.~~ shall transfer one hundred thousand dollars (\$100,000) each fiscal year to
 10 the Department of Natural and Cultural Resources for the purchase of historical markers. The
 11 Department of Transportation shall erect the markers on sites selected by the Department of
 12 Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of
 13 State highway maintenance funds. No provision in this section shall be construed to prevent the
 14 expenditure of any federal highway funds that may be available for this purpose."

15
 16 **PART XLII. FINANCE**

17
 18 **PERSONAL INCOME TAX REDUCTION**

19 **SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

20 "(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income
 21 of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and~~
 22 ~~one-quarter percent (5.25%)~~ four and ninety-nine hundredths percent (4.99%) of the taxpayer's
 23 North Carolina taxable income."

24 **SECTION 42.1.(b)** G.S. 105-153.5(a)(1) reads as rewritten:

25 "(1) Standard deduction amount. – The standard deduction amount is zero for a
 26 person who is not eligible for a standard deduction under section 63 of the
 27 Code. For all other taxpayers, the standard deduction amount is equal to the
 28 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$21,500 <u>\$25,500</u>
Head of Household	16,125 <u>19,125</u>
Single	10,750 <u>12,750</u>
Married, filing separately	10,750 <u>12,750</u> ."

33
 34 **SECTION 42.1.(c)** This section is effective for taxable years beginning on or after
 35 January 1, 2022.

36
 37 **ELIMINATE TAX ON MILITARY PENSION INCOME**

38 **SECTION 42.1A.(a)** G.S. 105-153.5(b) reads as rewritten:

39 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
 40 deduct from the taxpayer's adjusted gross income any of the following items that are included in
 41 the taxpayer's adjusted gross income:

- 42 ...
- 43 (5a) The amount received during the taxable year from the United States
 44 government for the payments listed in this subdivision. Amounts deducted
 45 under this subdivision may not also be deducted under subdivision (5) of this
 46 subsection. The payments are:
- 47 a. Retirement pay for service in the Armed Forces of the United States
 48 to a retired member that meets either of the following:
- 49 1. Served at least 20 years.

1 2. Medically retired under 10 U.S.C. Chapter 61. This deduction
2 does not apply to severance pay received by a member due to
3 separation from the member's armed forces.

4 b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a
5 retired member eligible to deduct retirement pay under
6 sub-subdivision a. of this subdivision.

7 "

8 **SECTION 42.1A.(b)** This section is effective for taxable years beginning on or after
9 January 1, 2021.

10 **LIVING ORGAN DONOR PROTECTIONS**

11 **SECTION 42.1B.(a)** G.S. 58-3-25 is amended by adding a new subsection to read:

12 "(d) No insurer shall refuse to insure or to continue to insure an individual; limit the
13 amount, extent, or kind of coverage available to an individual; charge an individual a different
14 amount for the same coverage; or otherwise discriminate against an individual in the offering,
15 issuance, cancellation, price, or conditions of a policy, or in the amount of coverage provided
16 under a policy, based solely and without any additional actuarial risks on the status of an
17 individual as a living organ donor. This subsection shall apply to health benefit plans and life,
18 accident and health, disability, disability income, and long-term care insurance policies. For the
19 purposes of this subsection, the phrase "a living organ donor" shall mean a living individual who
20 donates one or more of that individual's human organs, including bone marrow, to be medically
21 transplanted into the body of another individual."

22 **SECTION 42.1B.(b)** G.S. 131E-294(4) reads as rewritten:

23 "(4) Antidiscrimination (~~G.S. 58-3-25(b) and (c),~~ G.S. 58-3-25, 58-3-120,
24 58-63-15(7), and 58-67-75);"

25 **SECTION 42.1B.(c)** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General
26 Statutes is amended by adding a new section to read:

27 **"§ 105-153.11. Credit for live organ donation.**

28 (a) Definitions. – The following definitions apply in this section:

29 (1) Human organ. – Human bone marrow or any organ of a human, including the
30 intestine, kidney, liver, lung, or pancreas.

31 (2) Live organ donation. – A donation by a living individual of one or more of the
32 individual's human organs to another human to be transplanted using a
33 medical procedure to the body of another individual.

34 (3) Live organ donation expenses. – The total amount of the expenses listed in
35 this subdivision that are incurred by the taxpayer, that are directly related to a
36 live organ donation, and that are not reimbursed to the taxpayer by any person.
37 An expense is "directly related" if it is incurred due to a live organ donation
38 procedure or due to evaluation, recovery, follow-up visits, or rehospitalization
39 associated with a live organ donation procedure. The expenses are:

40 a. Lost wages.

41 b. Transportation, lodging, and meals.

42 (b) Credit. – A taxpayer who makes a live organ donation or who is allowed to claim as
43 a dependent a person who makes a live organ donation is allowed a credit against the tax imposed
44 by this Part equal to the lesser of the live organ donation expenses or five thousand dollars
45 (\$5,000). For the purposes of this section, "dependent" means a qualifying child or qualifying
46 relative as defined in section 152 of the Code.

47 (c) Limitation. – The credit allowed under this section may not exceed the amount of tax
48 imposed by this Part for the taxable year reduced by the sum of all other credits allowable, except
49 tax payment made by or on behalf of the taxpayer.
50

1 (d) Carryforward. – Any unused portion of a credit allowed in this section may be carried
2 forward for the succeeding five years."

3 **SECTION 42.1B.(d)** G.S. 105-153.5(a) reads as rewritten:

4 (a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may
5 deduct from adjusted gross income either the standard deduction amount provided in subdivision
6 (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this
7 subsection. The deduction amounts are as follows:

8 ...

9 (2) Itemized deduction amount. – An amount equal to the sum of the items listed
10 in this subdivision. The amounts allowed under this subdivision are not
11 subject to the overall limitation on itemized deductions under section 68 of
12 the Code:

13 ...

14 c. Medical and Dental Expense. – The amount allowed as a deduction for
15 medical and dental expenses under section 213 of the Code for that
16 taxable year. No deduction is allowed for live organ donation expenses
17 for which a credit was taken under G.S. 105-153.11.

18 "

19 **SECTION 42.1B.(e)** Article 2 of Chapter 126 of the General Statutes is amended by
20 adding a new section to read:

21 **"§ 126-8.6. Paid leave for State employees and State-supported personnel for organ**
22 **donation.**

23 (a) Full-Time Employees. – The State Human Resources Commission shall adopt rules
24 and policies to provide that a permanent, full-time State employee may take, in addition to any
25 other leave available to the employee, up to (i) 30 days of paid leave for the purposes of serving
26 as a living organ donor and (ii) seven days for serving as a bone marrow donor. The employee
27 must have been continuously employed by the State for at least 12 months immediately preceding
28 the first request for paid organ or bone marrow donation leave.

29 (b) Part-Time Employees. – The State Human Resources Commission shall adopt rules
30 and policies to provide that a permanent, part-time State employee may take, in addition to any
31 other leave available to the employee, a prorated amount of up to (i) 30 days of paid leave for the
32 purposes of serving as a living organ donor and (ii) seven days for serving as a bone marrow
33 donor. The employee must have been continuously employed by the State for at least 12 months
34 immediately preceding the first request for paid organ or bone marrow donation leave.

35 (c) Program Requirements. – The paid leave for organ or bone marrow donation
36 authorized by this section:

37 (1) Is available without exhaustion of the employee's sick and vacation leave.

38 (2) Is in addition to, and not in lieu of, shared leave under G.S. 126-8.3, or other
39 leave authorized by federal or State law.

40 (3) May not be used for retirement purposes.

41 (4) Has no cash value upon termination from employment.

42 (d) Applicability. – This section applies to all (i) State employees and (ii) State-supported
43 personnel, with the appropriate governing board adopting rules and policies to provide paid leave
44 for organ donation to its employees as provided by this section.

45 (e) Reporting. – By April 1, 2022, and then annually thereafter, the State Human
46 Resources Commission, the State Board of Education, the State Board of Community Colleges,
47 and all State agencies, departments, and institutions shall annually report to the Office of State
48 Human Resources on the paid organ donation leave program."

49 **SECTION 42.1B.(f)** G.S. 126-5 is amended by adding a new subsection to read:

50 (c17) The provisions of G.S. 126-8.6 shall apply to all State employees, public school
51 employees, and community college employees."

1 **SECTION 42.1B.(g)** Subsections (a) and (b) of this section are effective 30 days
2 after this act becomes law and apply to insurance contracts issued, renewed, or amended on or
3 after that date. Subsections (c) and (d) of this section are effective for taxable years beginning on
4 or after January 1, 2022. Except as otherwise provided, this section is effective when it becomes
5 law.

6 7 **CORPORATE INCOME TAX REDUCTION**

8 **SECTION 42.2.(a)** Effective for taxable years beginning on or after January 1, 2024,
9 G.S. 105-130.3 reads as rewritten:

10 **"§ 105-130.3. Corporations.**

11 A tax is imposed on the State net income of every C Corporation doing business in this State
12 at the rate of ~~two and one-half percent (2.5%)~~; two and one-quarter percent (2.25%). An S
13 Corporation is not subject to the tax levied in this section."

14 **SECTION 42.2.(b)** Effective for taxable years beginning on or after January 1, 2025,
15 G.S. 105-130.3, as amended by subsection (a) of this section, reads as rewritten:

16 **"§ 105-130.3. Corporations.**

17 A tax is imposed on the State net income of every C Corporation doing business in this State
18 at the rate of ~~two and one-quarter percent (2.25%)~~; one and ninety-nine hundredths percent
19 (1.99%). An S Corporation is not subject to the tax levied in this section."

20 21 **FRANCHISE TAX REDUCTION AND SIMPLIFICATION**

22 **SECTION 42.3.(a)** G.S. 105-122(d) reads as rewritten:

23 "(d) Tax Base. – A corporation's tax base is the ~~greatest of the following~~:

24 (1) ~~The proportion of its net worth as set out in subsection (c1) of this section.~~

25 (2) ~~Fifty five percent (55%) of the corporation's appraised value as determined~~
26 ~~for ad valorem taxation of all the real and tangible personal property in this~~
27 ~~State. For purposes of this subdivision, the appraised value of tangible~~
28 ~~property, including real estate, is the ad valorem valuation for the calendar~~
29 ~~year next preceding the due date of the franchise tax return.~~

30 (3) ~~(Effective for taxable years beginning on or after January 1, 2020, and~~
31 ~~applicable to the calculation of franchise tax reported on the 2019 and later~~
32 ~~corporate income tax returns) The corporation's total actual investment in~~
33 ~~tangible property in this State. For purposes of this subdivision, the total actual~~
34 ~~investment in tangible property in this State is the total original purchase price~~
35 ~~or consideration to the reporting taxpayer of its tangible properties, including~~
36 ~~real estate, in this State plus additions and improvements thereto less (i)~~
37 ~~reserve for depreciation as permitted for income tax purposes and (ii) any~~
38 ~~indebtedness specifically incurred and existing solely for and as the result of~~
39 ~~the purchase of any real estate and any permanent improvements made on the~~
40 ~~real estate."~~

41 **SECTION 42.3.(b)** G.S. 105-114.1(b) reads as rewritten:

42 "(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns
43 more than fifty percent (50%) of the capital interests in a noncorporate limited liability company,
44 the corporation or group of corporations must include in its ~~three tax bases~~ base pursuant to
45 G.S. 105-122 the same percentage of ~~(i) the noncorporate limited liability company's net worth;~~
46 ~~(ii) fifty five percent (55%) of the noncorporate limited liability company's appraised ad valorem~~
47 ~~tax value of property; and (iii) the noncorporate limited liability company's actual investment in~~
48 ~~tangible property in this State, as appropriate.~~ worth."

49 **SECTION 42.3.(c)** G.S. 105-120.2(b) reads as rewritten:

50 "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the
51 Secretary of Revenue, at the time the return is due, ~~the greater of the following~~:

- 1 (1) A a franchise or privilege tax at the rate of one dollar and fifty cents (\$1.50)
 2 per one thousand dollars (\$1,000) of the amount determined under subsection
 3 (a) of this section, but in no case shall the tax be more than one hundred fifty
 4 thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).
 5 (2) ~~If the tax calculated under this subdivision exceeds the tax calculated under~~
 6 ~~subdivision (1) of this subsection, then the tax is levied at the rate of one dollar~~
 7 ~~and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the~~
 8 ~~following:~~
 9 a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~
 10 ~~valorem taxation of all the real and tangible personal property in this~~
 11 ~~State of each such corporation plus the total appraised value of~~
 12 ~~intangible property returned for taxation of intangible personal~~
 13 ~~property as computed under G.S. 105-122(d).~~
 14 b. ~~The total actual investment in tangible property in this State of such~~
 15 ~~corporation as computed under G.S. 105-122(d)."~~

16 **SECTION 42.3.(d)** This section is effective for taxable years beginning on or after
 17 January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later
 18 corporate income tax return.
 19

20 **CONFORM TO FEDERAL TAX TREATMENT FOR PANDEMIC-RELATED**
 21 **ASSISTANCE/IRC UPDATE**

22 **SECTION 42.4.(a)** G.S. 105-228.90(b)(7) reads as rewritten:

23 "(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020, April 1,~~
 24 ~~2021,~~ including any provisions enacted as of that date that become effective
 25 either before or after that date."

26 **SECTION 42.4.(b)** Effective for tax years beginning on or after January 1, 2020,
 27 G.S. 105-153.5(c2)(20) and G.S. 105-130.5(a)(32) are repealed.

28 **SECTION 42.4.(c)** G.S. 105-153.5(a)(2) reads as rewritten:

29 "(2) Itemized deduction amount. – An amount equal to the sum of the items listed
 30 in this subdivision. The amounts allowed under this subdivision are not
 31 subject to the overall limitation on itemized deductions under section 68 of
 32 the Code:

33 a. Charitable Contribution. – The amount allowed as a deduction for
 34 charitable contributions under section 170 of the Code for that taxable
 35 ~~year.~~ year, subject to the following provisions:

36 1. Distributions from IRAs. – For taxable years 2014 through
 37 2018, a taxpayer who elected to take the income exclusion
 38 under section 408(d)(8) of the Code for a qualified charitable
 39 distribution from an individual retirement plan by a person
 40 who has attained the age of 70 1/2 may deduct the amount that
 41 would have been allowed as a charitable deduction under
 42 section 170 of the Code had the taxpayer not elected to take the
 43 income exclusion.

44 2. Charitable Giving During COVID-19. – For taxable ~~year 2020,~~
 45 ~~years 2020 and 2021,~~ notwithstanding ~~G.S. 105-228.90(b)(7),~~
 46 ~~G.S. 105-228.90(b)(7)~~ and for purposes of this ~~sub-subdivision~~
 47 ~~sub-sub-subdivision,~~ the term "Code" means the Internal
 48 Revenue Code as enacted as of January 1, 2020. For taxable
 49 years beginning on or after January 1, 2021, a taxpayer may
 50 only carry forward the charitable contributions from taxable
 51 ~~year 2020–~~ years 2020 and 2021 that exceed the applicable

percentage limitation for the 2020 ~~and 2021~~ taxable ~~year-years~~ allowed under this ~~sub-subdivision-sub-sub-subdivision~~. The purpose for defining the Internal Revenue Code differently for the 2020 ~~and 2021~~ taxable ~~year-years~~ is to decouple from the modification of limitations on charitable contributions ~~during 2020~~ allowed under section 2205 of the CARES ~~Act~~ Act and section 213 of the Consolidated Appropriations Act, 2021.

b. Mortgage Expense and Property Tax. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. For taxable years 2014 through ~~2020, 2021,~~ the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence shall not include the amount for mortgage insurance premiums treated as qualified residence interest. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars (\$20,000). For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars (\$20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year.

...."

SECTION 42.4.(d) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

(1) For taxable years 2014 through ~~2020, 2025,~~ the taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under section 108 of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3) of the Code, then the addition required under this subdivision is limited to the amount of discharge of qualified principal residence indebtedness excluded from adjusted gross income under section 108(a)(1)(E) of the Code that exceeds the amount of discharge of indebtedness that would have been excluded under section 108(a)(1)(B) of the Code.

...

(18) For taxable ~~year 2020,~~ years 2020 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for payment by an employer, whether paid to the taxpayer or to a lender, of principal or interest on any qualified education loan, as defined in section 221(d)(1) of the Code, incurred by the taxpayer for education of the taxpayer. The purpose of this subdivision is to decouple from the exclusion for certain employer payments

of student loans under section 2206 of the CARES ~~Act~~Act or under the Consolidated Appropriations Act, 2021.

(19) For taxable ~~year 2020~~, years beginning on or after January 1, 2020, a taxpayer must add the amount excluded from the taxpayer's gross income under section 62(a)(22) of the Code. The purpose of this subdivision is to decouple from the allowance of a partial above-the-line deduction of qualified charitable contributions under section 2204 of the CARES ~~Act~~Act and under sections 212 and 213 of the Consolidated Appropriations Act, 2021.

...
(21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the amount by which the taxpayer's deduction under section 274(n) of the Code exceeds the deduction that would have been allowed under the Internal Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision is to decouple from the increased deduction under the Consolidated Appropriations Act, 2021, for business-related expenses for food and beverages provided by a restaurant.

(22) For taxable years 2021 through 2025, a taxpayer must add the amount excluded from the taxpayer's gross income for the discharge of a student loan under section 108(f)(5) of the Code. The purpose of this subdivision is to decouple from the exclusion from income for the discharge of a student loan under section 9675 of the American Rescue Plan Act of 2021."

SECTION 42.4.(e) Except as otherwise provided, this section is effective when it becomes law.

REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL

SECTION 42.5.(a) G.S. 105-131(b) reads as rewritten:

"(b) For the purpose of this Part, unless otherwise required by the context:

...
(11) "Taxed S Corporation" means an S Corporation for which a valid election under G.S. 105-131.1A(a) is in effect."

SECTION 42.5.(b) G.S. 105-131.1 reads as rewritten:

"§ 105-131.1. Taxation of an S Corporation and its shareholders.

(a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed S Corporation shall be subject to tax under G.S. 105-131.1A.

(b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share of an S Corporation's income attributable to the State and each resident shareholder's pro rata share of income not attributable to the State, shall be taken into account by the shareholder in the manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

SECTION 42.5.(c) Part 1A of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.

(a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S Corporation for any taxable period covered by the return. An S Corporation may not revoke the election after the due date of the return including extensions.

(b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected, and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in

1 G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as
2 follows:

3 (1) The North Carolina taxable income of a taxed S Corporation with respect to
4 such taxable period shall be equal to the sum of the following:

5 a. Each shareholder's pro rata share of the taxed S Corporation's income
6 or loss, subject to the adjustments provided in G.S. 105-153.5 and
7 G.S. 105-153.6, attributable to the State.

8 b. Each resident shareholder's pro rata share of the taxed S Corporation's
9 income or loss, subject to the adjustments provided in G.S. 105-153.5
10 and G.S. 105-153.6, not attributable to the State with respect to such
11 taxable period.

12 (2) Separately stated items of deduction are not included when calculating each
13 shareholder's pro rata share of the taxed S Corporation's taxable income. For
14 purposes of this subdivision, separately stated items are those items described
15 in section 1366 of the Code and the regulations under it.

16 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the
17 calculation of the taxed S Corporation's taxable income.

18 (c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each
19 shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata
20 share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S
21 Corporation must pass through to its shareholders any credit required to be taken in installments
22 by this Chapter if the first installment was taken in a taxable period that the election under
23 subsection (a) of this section was not in effect. An S Corporation shall not pass through to its
24 shareholders any of the following:

25 (1) Any credit allowed under this Chapter for any taxable period the S
26 Corporation makes the election under subsection (a) of this section and the
27 carryforward of the unused portion of such credit.

28 (2) Any subsequent installment of such credit required to be taken in installments
29 by this Chapter after the S Corporation makes an election under subsection (a)
30 of this section and the carryforward of any unused portion of such installment.

31 (d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident
32 shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section
33 for income taxes imposed by and paid to another state or country on income taxed under this
34 section. The credit allowed by this subsection is administered in accordance with the provisions
35 of G.S. 105-153.9.

36 (e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders
37 of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This
38 adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection
39 (g) of this section.

40 (f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of
41 a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

42 (g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount
43 of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary
44 within the time allowed for filing the return. In the case of any overpayment by a taxed S
45 Corporation of the tax imposed under this section, only the taxed S Corporation may request a
46 refund of the overpayment. If the taxed S Corporation files a return showing an amount due with
47 the return and does not pay the amount shown due, the Department may collect the tax from the
48 taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of
49 collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the
50 Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation,
51 the shareholders of the S Corporation are not allowed the deduction provided in

1 G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed
2 assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax
3 debt" has the same meaning as defined in G.S. 105-243.1(a).

4 (h) Basis. – The basis of both resident and nonresident shareholders of a taxed S
5 Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if
6 the election under subsection (a) of this section had not been made and each of the shareholders
7 of the taxed S Corporation had properly taken into account each shareholder's pro rata share of
8 the taxed S Corporation's items of income, loss, and deduction in the manner required with
9 respect to an S Corporation for which no such election is in effect."

10 **SECTION 42.5.(d)** G.S. 105-131.7 is amended by adding a new subsection to read:

11 "(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an
12 S Corporation with respect to any taxable period for which it is a taxed S Corporation under
13 G.S. 105-131.1A."

14 **SECTION 42.5.(e)** G.S. 105-131.8(a) reads as rewritten:

15 "(a) For Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S
16 Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is
17 considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's
18 pro rata share of any net income tax paid by the S Corporation to a state that does not measure
19 the income of S Corporation shareholders by the income of the S Corporation. For purposes of
20 the preceding sentence, the term "net income tax" means any tax imposed on or measured by a
21 corporation's net income."

22 **SECTION 42.5.(f)** G.S. 105-153.3 reads as rewritten:

23 **"§ 105-153.3. Definitions.**

24 The following definitions apply in this Part:

25 ...

26 (18a) Taxed partnership. – A partnership for which a valid election under
27 G.S. 105-154.1 is in effect.

28 (18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

29 (18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

30"

31 **SECTION 42.5.(g)** G.S. 105-154(d) reads as rewritten:

32 "(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted
33 in this State is owned by a nonresident individual or by a partnership having one or more
34 nonresident members, the manager of the business shall report information concerning the
35 earnings of the business in this State, the distributive share of the income of each nonresident
36 owner or partner, and any other information required by the Secretary. The distributive share of
37 the income of each nonresident partner includes any guaranteed payments made to the partner.
38 The manager of the business shall pay with the return the tax on each nonresident owner or
39 partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7.
40 The business may deduct the payment for each nonresident owner or partner from the owner or
41 partner's distributive share of the income of the business in this State. If the nonresident partner
42 is not an individual and the partner has executed an affirmation that the partner will pay the tax
43 with its corporate, partnership, trust, or estate income tax return, the manager of the business is
44 not required to pay the tax on the partner's share. In this case, the manager shall include a copy
45 of the affirmation with the report required by this subsection. The affirmation must be annually
46 filed by the nonresident partner and submitted by the manager by the due date of the report
47 required in this subsection. Otherwise, the manager of the business is required to pay the tax on
48 the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the
49 manager of the business may not request a refund of an overpayment made on behalf of a
50 nonresident owner or partner if the manager of the business has previously filed the return and
51 paid the tax due. The nonresident owner or partner may, on its own income tax return, request a

1 refund of an overpayment made on its behalf by the manager of the business within the provisions
2 of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable
3 period for which it is a taxed partnership."

4 **SECTION 42.5.(h)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
5 amended by adding a new section to read:

6 **"§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

7 (a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual
8 return required under G.S. 105-154(c), to have the tax under this Article imposed on the
9 partnership for any taxable period covered by the return. A partnership may not revoke the
10 election after the due date of the return, including extensions. This election cannot be made by a
11 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership
12 that has at any time during the taxable year a partner who is not one of the following:

13 (1) An individual.

14 (2) An estate.

15 (3) A trust described in section 1361(c)(2) of the Code.

16 (4) An organization described in section 1361(c)(6) of the Code.

17 (b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on
18 the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and
19 paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in
20 G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as
21 follows:

22 (1) The North Carolina taxable income of a taxed partnership with respect to such
23 taxable period shall be equal to the sum of the following:

24 a. Each partner's distributive share of the taxed partnership's income or
25 loss, subject to the adjustments provided in G.S. 105-153.5 and
26 G.S. 105-153.6, attributable to the State.

27 b. Each resident partner's distributive share of the taxed partnership's
28 income or loss, subject to the adjustments provided in G.S. 105-153.5
29 and G.S. 105-153.6, not attributable to the State with respect to such
30 taxable period.

31 (2) Separately stated items of deduction are not included when calculating each
32 partner's distributive share of the taxed partnership's taxable income. For
33 purposes of this subdivision, separately stated items are those items described
34 in section 702 of the Code and the regulations adopted under it.

35 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the
36 calculation of the taxed partnership's taxable income.

37 (c) Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's
38 distributive share of the taxed partnership's credits against the partner's distributive share of the
39 taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass
40 through to its partners any credit required to be taken in installments by this Chapter if the first
41 installment was taken in a taxable period that the election under subsection (a) of this section was
42 not in effect. A partnership shall not pass through to its partners any of the following:

43 (1) Any credit allowed under this Chapter for any taxable period the partnership
44 makes the election under subsection (a) of this section and the carryforward
45 of the unused portion of such credit.

46 (2) Any subsequent installment of such credit required to be taken in installments
47 by this Chapter after the partnership makes an election under subsection (a) of
48 this section and the carryforward of any unused portion of such installment.

49 (d) Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed
50 partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is

1 only allowed if the taxed partnership complies with the provisions of subsection (f) of this
2 section.

3 (e) Addition Required for Partners of a Taxed Partnership. – The partners of a taxed
4 partnership must make an addition as provided in G.S. 105-153.5(c3)(4).

5 (f) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount
6 of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary
7 within the time allowed for filing the return. In the case of any overpayment by a taxed
8 partnership of the tax imposed under this section, only the taxed partnership may request a refund
9 of the overpayment. If the taxed partnership files a return showing an amount due with the return
10 and does not pay the amount shown due, the Department may collect the tax from the taxed
11 partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for
12 the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary
13 within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners
14 of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The
15 Secretary must send the partners a notice of proposed assessment in accordance with
16 G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as
17 defined in G.S. 105-243.1(a).

18 (g) Basis. – The basis of both resident and nonresident partners of a taxed partnership
19 shall be determined as if the election under subsection (a) of this section had not been made and
20 each of the partners of the taxed partnership had properly taken into account each partner's
21 distributive share of the taxed partnership's items of income, loss, and deduction in the manner
22 required with respect to a partnership for which no such election is in effect."

23 **SECTION 42.5.(i)** G.S. 105-153.5 is amended by adding a new subsection to read:

24 "(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a
25 taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

26 (1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the
27 amount of the taxpayer's pro rata share of income from the taxed S
28 Corporation to the extent it was included in the taxed S Corporation's North
29 Carolina taxable income and the taxpayer's adjusted gross income.

30 (2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount
31 of the taxpayer's pro rata share of loss from the taxed S Corporation to the
32 extent it was included in the taxed S Corporation's North Carolina taxable
33 income and the taxpayer's adjusted gross income.

34 (3) A taxpayer that is a partner of a taxed partnership may deduct the amount of
35 the taxpayer's distributive share of income from the taxed partnership to the
36 extent it was included in the taxed partnership's North Carolina taxable income
37 and the taxpayer's adjusted gross income.

38 (4) A taxpayer that is a partner of a taxed partnership must add the amount of the
39 taxpayer's distributive share of loss from the taxed partnership to the extent it
40 was included in the taxed partnership's North Carolina taxable income and the
41 taxpayer's adjusted gross income."

42 **SECTION 42.5.(j)** G.S. 105-153.9(a) reads as rewritten:

43 "(a) An individual who is a resident of this State is allowed a credit against the taxes
44 imposed by this Part for income taxes imposed by and paid to another state or country on income
45 taxed under this Part, subject to the following conditions:

46 ...

47 (4) Shareholders of a taxed S Corporation shall not be allowed a credit under this
48 section for taxes paid by the taxed S Corporation to another state or country
49 on income that is taxed to the taxed S Corporation. For purposes of allowing
50 the credit under this section for taxes paid to another state or country by a
51 taxed S Corporation's shareholders, a shareholder's pro rata share of the

1 income of the taxed S Corporation shall be treated as income taxed to the
2 shareholder under this Part and a shareholder's pro rata share of the tax
3 imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated
4 as tax imposed on the shareholder under this Part.

5 (5) Partners of a taxed partnership shall not be allowed a credit under this section
6 for taxes paid by the taxed partnership to another state or country on income
7 that is taxed to the taxed partnership. The taxed partnership as defined in
8 G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes
9 paid. For purposes of allowing the credit under this section for taxes paid to
10 another state or country by a taxed partnership's partners, a partner's pro rata
11 share of the income of the taxed partnership shall be treated as income taxed
12 to the partner under this Part and a partner's pro rata share of the tax imposed
13 on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed
14 on the partner under this Part."

15 **SECTION 42.5.(k)** G.S. 105-160.4 reads as rewritten:

16 **"§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

17 ...

18 (f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S
19 Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or
20 by the taxed S Corporation to another state or country on income that is taxed to the taxed S
21 Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all
22 such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as
23 defined in G.S. 105-131(b).

24 (g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed
25 partnership are not allowed a credit under this section for taxes paid by the estates and trusts or
26 by the taxed partnership to another state or country on income that is taxed to the taxed
27 partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such
28 taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined
29 in G.S. 105-153.3."

30 **SECTION 42.5.(l)** G.S. 105-163.38 is amended by adding a new subdivision to read:

31 "(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."

32 **SECTION 42.5.(m)** G.S. 105-163.39 is amended by adding a new subsection to
33 read:

34 "(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity
35 in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that
36 G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity
37 if it was not a taxed pass-through entity during its preceding taxable year."

38 **SECTION 42.5.(n)** This section is effective for taxable years beginning on or after
39 January 1, 2022.

40
41 **CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR**
42 **INDIVIDUAL INCOME TAX PURPOSES**

43 **SECTION 42.6.(a)** G.S. 105-153.5 reads as rewritten:

44 **"§ 105-153.5. Modifications to adjusted gross income.**

45 ...

46 (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
47 deduct from the taxpayer's adjusted gross income any of the following items that are included in
48 the taxpayer's adjusted gross income:

49 ...

50 (16) A State net operating loss as allowed under G.S. 105-153.5A.

1 (c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the
2 taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's
3 adjusted gross income:

4 ...

5 (6) ~~The Any amount of allowed as a net operating loss carried to and deducted on~~
6 ~~the federal return but not absorbed in that year and carried forward to a~~
7 ~~subsequent year deduction under the Code.~~

8"

9 **SECTION 42.6.(b)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
10 amended by adding a new section to read:

11 **"§ 105-153.5A. Net operating loss provisions.**

12 (a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is
13 the amount by which business deductions for the year exceed gross business income for the year
14 as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The
15 amount of a taxpayer's State net operating loss must also be determined in accordance with the
16 following modifications:

17 (1) No State net operating loss deduction shall be allowed.

18 (2) The amount deductible on account of losses from sales or exchanges of capital
19 assets shall not exceed the amount includable on account of gains from sales
20 or exchanges of capital assets.

21 (3) The exclusion provided by Code section 1202 shall not be allowed.

22 (4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child
23 deduction.

24 (5) The deductions which are not attributable to a taxpayer's trade or business
25 shall be allowed only to the extent of the amount of the gross income not
26 derived from such trade or business.

27 (6) Any deduction under Code section 199A shall not be allowed.

28 (b) Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer
29 incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations
30 in this subsection:

31 (1) The loss was incurred in one of the preceding 15 taxable years.

32 (2) Any loss carried forward is applied to the next succeeding taxable year before
33 any portion of it is carried forward and applied to a subsequent taxable year.

34 (3) The taxpayer's State net operating loss deduction may not exceed the amount
35 of the taxpayer's North Carolina taxable income determined without deducting
36 the taxpayer's State net operating loss.

37 (4) The portion of the State net operating loss attributable to the carryforward
38 allowed under subsection (f) of this section is only allowed to the extent
39 described in subsection (f) of this section.

40 (c) Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss,
41 the State net operating loss only includes income and deductions derived from a business carried
42 on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year
43 of the deduction, the State net operating loss must be included in the numerator of the fraction
44 used to calculate taxable income as defined in G.S. 105-153.4(b).

45 (d) Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year
46 of the loss, the State net operating loss includes income and deductions derived from a business
47 carried on in this State while the taxpayer was a nonresident and includes business income and
48 deductions derived from all sources during the period the taxpayer was a resident. In the case of
49 a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss
50 must be included in the numerator of the fraction used to calculate taxable income as defined in
51 G.S. 105-153.4(c).

(7) It is issued a certificate of occupancy on or before December 31, 2021.occupancy.

~~"§ 105-129.75. Sunset and applicable expenditures.~~

~~(a) Sunset. Except for credits allowed under G.S. 105-129.71(a1), this Article expires January 1, 2015, for rehabilitation projects for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, 2023.~~

~~(b) Delayed Sunset and Applicable Expenditures. For credits allowed under G.S. 105-129.71(a1), the following applies:~~

~~(1) The qualified rehabilitation expenditures must be incurred on or after January 1, 2019, and before January 1, 2022.~~

~~(2) This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may not be claimed, for rehabilitation projects not completed and placed in service prior to January 1, 2022.~~

...."

SECTION 42.7.(b) Eligibility certifications, whether issued prior to January 1, 2015, or on or after January 1, 2021, do not expire. Neither the reenactment of Article 3H of Chapter 105 of the General Statutes nor the repeal of G.S. 105-129.75 under this section requires a taxpayer who obtained an eligibility certification prior to January 1, 2015, for a rehabilitation project under this Article to reapply for an eligibility certification for the same project.

SECTION 42.7.(c) Except as otherwise provided, this section is effective when it becomes law.

EXPAND AND MAKE PERMANENT HISTORIC REHABILITATION CREDIT

SECTION 42.7A.(a) G.S. 105-129.105 reads as rewritten:

"§ 105-129.105. Credit for rehabilitating income-producing historic structure.

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

Expenses Over	Up To	Rate
0	\$10 million	15.00%
\$10 million	\$20 million	10.00%

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(4) Education bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure was originally used for an educational purpose, is used for an educational purpose following the rehabilitation, and remains used for an educational purpose for each year in which the credit, or a carryforward of the credit, is claimed. For a certified historic structure used for multiple purposes, the bonus provided in this

1 subdivision shall be proportionate to the area of the certified historic structure
2 used for an educational purpose.

3 ...
4 (c) Definitions. – The following definitions apply in this section:

5 ...
6 (2a) Educational purpose. – A purpose that has as its objective the education or
7 instruction of human beings; it comprehends the transmission of information
8 and the training or development of the knowledge or skills of individual
9 persons.

10"

11 **SECTION 42.7A.(b)** G.S. 105-129.110 is repealed.

12 **SECTION 42.7A.(c)** Subsection (a) of this section is effective for taxable years
13 beginning on or after January 1, 2021. The remainder of this section is effective when it becomes
14 law.

15 **LIMIT GROSS PREMIUMS TAX ON SURETY BONDS**

16 **SECTION 42.8.(a)** G.S. 105-228.5(b1) reads as rewritten:

17 "(b1) Calculation of Tax Base. – In determining the amount of gross premiums from
18 business in this State, all gross premiums received in this State, credited to policies written or
19 procured in this State, or derived from business written in this State shall be deemed to be for
20 contracts covering persons, property, or risks resident or located in this State unless one of the
21 following applies:

- 22
23 (1) The premiums are properly reported and properly allocated as being received
24 from business done in some other nation, territory, state, or states.
25 (2) The premiums are from policies written in federal areas for persons in military
26 service who pay premiums by assignment of service pay.

27 Gross premiums from business done in this State in the case of life insurance contracts,
28 including supplemental contracts providing for disability benefits, accidental death benefits, or
29 other special benefits that are not annuities, means all premiums collected in the calendar year,
30 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited
31 to persons, firms, or corporations resident in this State, or in the case of group policies, for
32 contracts of insurance covering persons resident within this State. The only deductions allowed
33 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and
34 premiums that were paid in advance on life insurance contracts and subsequently refunded to the
35 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been
36 collected for the amounts as provided in the policy contracts for the time in force during the year,
37 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or
38 by any other means except waiver of premiums by companies under a contract for waiver of
39 premium in case of disability.

40 Gross premiums from business done in this State in the case of an insurer of bail bonds means
41 the amounts received by an insurer from a surety bondsman during the calendar year for bail
42 bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums
43 under this section for gross premiums from transacting any other line of insurance business. For
44 purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the
45 same meaning as defined in G.S. 58-71-1.

46 Gross premiums from business done in this State for all other health care plans and contracts
47 of insurance, including contracts of insurance required to be carried by the Workers'
48 Compensation Act, means all premiums written during the calendar year, or the equivalent
49 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering
50 property or risks in this State, other than for contracts of reinsurance, whether the premiums are
51 designated as premiums, deposits, premium deposits, policy fees, membership fees, or

1 assessments. Gross premiums shall be deemed to have been written for the amounts as provided
2 in the policy contracts, new and renewal, becoming effective during the year irrespective of the
3 time or method of making payment or settlement for the premiums, and with no deduction for
4 dividends whether returned in cash or allowed in payment or reduction of premiums or for
5 additional insurance, and without any other deduction except for return of premiums, deposits,
6 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

7 **SECTION 42.8.(b)** This section is effective for taxable years beginning on or after
8 January 1, 2022.

9
10 **EXTEND EXCISE TAX TO REMOTE SALES OF CIGARS AND MAKE CLARIFYING**
11 **CHANGES REGARDING DELIVERY SALES AND REMOTE SALES OF**
12 **TOBACCO PRODUCTS**

13 **SECTION 42.9.(a)** G.S. 105-113.4 reads as rewritten:

14 "**§ 105-113.4. Definitions.**

15 The following definitions apply in this Article:

16 ...

17 (2) ~~Cost price. – The actual price a person liable for the tax on tobacco products~~
18 ~~paid for an item subject to the tax imposed by Part 3 of this Article paid for~~
19 ~~the products, before any discount, rebate, or allowance or the tax imposed by~~
20 ~~that Part by the person liable for the tax. The actual price paid for an item may~~
21 ~~be either of the following:~~

22 a. The actual price paid for an item identified as a stock keeping unit by
23 a unique code or identifier representing the item.

24 b. If the actual price paid for an item is not available, the average of the
25 actual price paid for the item over the 12 calendar months before
26 January 1 of the year in which the sale occurs.

27 (2d) ~~Delivery sale. – A sale of tobacco products—cigarettes, smokeless tobacco, or~~
28 ~~vapor products to a consumer in this State in which either of the following~~
29 ~~apply:~~

30 a. The consumer submits the order for the sale by telephone, mail, the
31 Internet or other online service or application, or when the seller is
32 otherwise not in the physical presence of the consumer when the
33 consumer submits the order.

34 b. ~~The tobacco products—cigarettes, smokeless tobacco, or vapor products~~
35 ~~are delivered via mail or a delivery service.~~

36 (2e) ~~Delivery seller. – A person that located within or outside this State who makes~~
37 ~~a delivery sale.~~

38 ...

39 (3) ~~Distributor. – Either~~ Any of the following:

40 a. A person, wherever resident or located, who purchases non-tax-paid
41 cigarettes directly from the manufacturer of the cigarettes and stores,
42 sells, or otherwise disposes of the cigarettes.

43 b. A manufacturer of cigarettes.

44 c. A delivery seller of cigarettes.

45 ...

46 (8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless
47 tobacco, or vapor products to a consumer in this State in which either of the
48 following applies:

49 a. The consumer submits the order for the sale by telephone, mail, the
50 internet, or other online service or application, or when the seller is

1 otherwise not in the physical presence of the consumer when the
 2 consumer submits the order.

3 b. The tobacco products other than cigarettes, smokeless tobacco, or
 4 vapor products are delivered via mail or a delivery service.

5 (8b) Remote seller. – A person located within or outside this State who makes a
 6 remote sale.

7 (9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer
 8 of the product, including a remote seller or a delivery seller.

9 ...
 10 (10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or
 11 other product containing tobacco, that is intended to be placed in the oral or
 12 nasal cavity or otherwise consumed without being combusted.

13"

14 **SECTION 42.9.(b)** G.S. 105-113.4F reads as rewritten:

15 **"§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

16 (a) Scope. – This section applies to delivery sales of tobacco products, other than cigars,
 17 to consumers in this State regardless of whether the delivery seller is located inside or outside
 18 this State. sales. For purposes of this section, the term "tobacco product" is as defined in
 19 G.S. 105-113.4, except that it does not include cigars. means cigarettes, smokeless tobacco, or
 20 vapor products.

21 (b) Delivery Seller Requirements. – A delivery seller shall must do all of the following
 22 with respect to a delivery sale:

23 (1) Obtain a license from the Secretary pursuant to the requirements of as required
 24 by this Article before accepting an order.

25 (2) Comply with the age verification requirements in G.S. 14-313(b2).

26 (3) Report, collect, and remit to the Secretary all applicable taxes levied on
 27 tobacco products as set out in this Article and Article 5 of this Chapter.

28 (c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or
 29 delivered tobacco products in connection with a delivery sale, during the previous month shall,
 30 must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy
 31 of the invoice for every delivery sale made during the previous month. A delivery seller who
 32 complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is
 33 considered to have complied with this subsection. The memorandum or invoice shall must
 34 contain the following information:

35 (1) The name, address, telephone number, and e-mail address of the consumer.

36 (2) The type and the brand, or brands, of tobacco products that were sold.

37 (3) The quantity of tobacco products that were sold.

38 (d) Penalties. – A person who violates this section is subject to the following penalties:

39 (1) For the first violation, a penalty of one thousand dollars (\$1,000).

40 (2) For a subsequent violation, a penalty not to exceed five thousand dollars
 41 (\$5,000), as determined by the Secretary.

42 (e) Exception. – This section does not apply to sales of tobacco products by a retail dealer
 43 who purchased the tobacco products from a licensed distributor or wholesale dealer.

44 (f) State Laws Apply. – All State laws that apply to tobacco product retailers in this State
 45 shall apply to delivery sellers that sell tobacco products into this State. Delivery Sellers as
 46 Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of
 47 this Chapter is subject to all State laws that apply to a retailer in this State."

48 **SECTION 42.9.(c)** G.S. 105-113.5 reads as rewritten:

49 **"§ 105-113.5. Tax on cigarettes.**

50 (a) Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed
 51 distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

1 (b) Primary Liability. – ~~The licensed distributor who first acquires or otherwise handles~~
2 ~~cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.~~
3 A licensed distributor who brings-meets any of the following conditions is liable for the tax
4 imposed by this section:

- 5 (1) Is the first person to possess or acquire cigarettes in this State.
6 (2) Is the first person to bring into this State cigarettes made outside the State-is
7 the first person to handle the cigarettes in this State. A licensed distributor
8 who is
9 (3) Is the original consignee of cigarettes made outside the State and-is that are
10 shipped into the State-is the first person to handle the cigarettes in this State.
11 (4) Makes a delivery sale of cigarettes for which the delivery seller is required to
12 collect sales and use tax under Article 5 of this Chapter."

13 **SECTION 42.9.(d)** G.S. 105-113.12 reads as rewritten:

14 "**§ 105-113.12. Distributor must obtain license. License required.**

15 (a) A distributor ~~shall-must~~ obtain a license for each ~~place of business-a distributor's~~
16 ~~license and shall-of the locations listed in this subsection, as applicable, and must pay a tax of~~
17 ~~twenty-five dollars (\$25.00) for the-each license. A license is in effect until June 30 of the year~~
18 ~~following the second calendar year after the date of issuance or renewal. A license for each place~~
19 ~~of business-is renewable upon signed application with no renewal license tax, unless applied for~~
20 ~~after the June 30 expiration date. The locations are:~~

- 21 (1) Each location where a distributor receives or stores non-tax-paid cigarettes in
22 this State.
23 (2) For a distributor that is a delivery seller, each location from which the
24 distributor ships delivery sales of cigarettes if the location is a location other
25 than the location described in subdivision (1) of this subsection.

26 (b) ~~For the purposes of this section, a "place of business" is a place where a distributor~~
27 ~~receives or stores non-tax-paid cigarettes.~~

28 (c) An out-of-state distributor that is not a delivery seller may obtain a distributor's
29 license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and
30 payment of a tax of twenty-five dollars (\$25.00)."

31 **SECTION 42.9.(e)** G.S. 105-113.18 reads as rewritten:

32 "**§ 105-113.18. Payment of tax; reports.**

33 The taxes levied in this Part are payable when a report is required to be filed. The following
34 reports are required to be filed with the Secretary:

- 35 (1) Distributor's Report. – A licensed distributor ~~shall-must~~ file a monthly report
36 in the form prescribed by the Secretary. The report covers cigarettes sold,
37 shipped, delivered, or otherwise disposed of in this State in a calendar month
38 and is due within 20 days after the end of the month covered by the report.
39 The report ~~shall-must~~ show the quantity of all cigarettes transported or caused
40 to be transported into the State by the licensed distributor or licensed
41 manufacturer in the State for sales in this State and state the amount of tax due
42 and ~~shall-must~~ identify any transactions to which the tax does not apply. A
43 licensed distributor that is a delivery seller must also comply with the filing
44 requirement under G.S. 105-113.4F.

45 (1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.

- 46 (2) Use Tax Report. – ~~Every other-A~~ person who is not a licensed distributor and
47 has acquired non-tax-paid cigarettes for sale, use, or consumption subject to
48 the tax imposed by this Part shall, must, within 96 hours after receipt of the
49 cigarettes, file a report in the form prescribed by the Secretary showing the
50 amount of cigarettes so received and any other information required by the

Secretary. The report ~~shall~~must be accompanied by payment of the full amount of the tax.

- (3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~transports, or causes to transport, cigarettes upon the public highways, roads, or streets of this State, upon notice from the Secretary, shallmust file a report in the form prescribed by the Secretary and containing the information required by the Secretary.

...."

SECTION 42.9.(f) The following statutes are repealed:

G.S. 105-113.35

G.S. 105-113.35A

G.S. 105-113.36

G.S. 105-113.37

G.S. 105-113.38

G.S. 105-113.39

G.S. 105-113.40A.

SECTION 42.9.(g) Part 3 of Article 2A of Chapter 105 of the General Statutes, as amended by subsection (f) of this section, reads as rewritten:

"Part 3. Tax on ~~Other Tobacco Products~~Products Other Than Cigarettes.

"Subpart 1. General Provisions.

"§ 105-113.35B. Applicability.

As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

"Subpart 2. Tax Rates and Liability.

"§ 105-113.36A. Tax rates; liability for tax.

(a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or distribution of tobacco products at the following rates:

- (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable product. All invoices for vapor products issued by manufacturers must state the amount of consumable product in milliliters.
- (2) On all other tobacco products, the rate of twelve and eight-tenths percent (12.8%) of the cost price.

(b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this section if the dealer meets any of the following conditions:

- (1) Is the first person to possess or acquire the tobacco product in this State.
- (2) Is the first person to bring a tobacco product made outside the State into this State.
- (3) Is the original consignee of a tobacco product made outside the State that is shipped into the State.
- (4) Makes a remote sale or a delivery sale for which the dealer is required to collect sales and use tax under Article 5 of this Chapter.

(c) Secondary Liability. – A retail dealer located in this State who acquires from a wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable for any tax due on the tobacco products.

(d) Exemptions. – The taxes imposed under this section do not apply to the following:

- (1) A tobacco product sold outside the State.
- (2) A tobacco product sold to the federal government.
- (3) A sample tobacco product distributed without charge. A sample tobacco product may only be distributed in a "qualified adult-only facility" as that term is defined in 21 C.F.R. § 1140.16(d)(2).

1 (e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than
2 a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or
3 possession for use or consumption of tobacco products within this State at the rate set in this
4 section. This tax does not apply to tobacco products for which the tax levied in this section has
5 been paid.

6 (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce
7 to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the
8 Secretary may determine a value based on the cost price of comparable items.

9 "Subpart 3. Wholesale and Retail Dealers.

10 **"§ 105-113.37A. Manufacturer's option.**

11 (a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and
12 who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part
13 may, upon application to the Secretary and upon compliance with requirements prescribed by the
14 Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not
15 relieved from filing a report as required by this Part.

16 (b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax
17 under this section, the permission granted to be relieved of paying the tax also applies to an
18 integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must
19 notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the
20 manufacturer applies to the Secretary for permission to be relieved of paying the tax and when
21 an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has
22 given the manufacturer permission to be relieved of paying the tax.

23 (c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale
24 dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be
25 relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part
26 on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving
27 permission to be relieved of the cigarette excise tax must notify the Secretary of the permission
28 received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

29 **"§ 105-113.37B. Non-tax-paid products.**

30 Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow,
31 loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale
32 dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid
33 tobacco products to, from, or with another integrated wholesale dealer.

34 **"§ 105-113.37C. Discount; refund.**

35 (a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise
36 taxes imposed by this Part, who files a timely report under this Part, and who sends a timely
37 payment may deduct from the amount due with the report a discount of two percent (2%). This
38 discount covers expenses incurred in preparing the records and reports required by this Part and
39 the expense of furnishing a bond. This subsection does not apply with respect to the excise tax
40 levied on vapor products.

41 (b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise
42 taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products
43 upon which the tax has been paid may return the tobacco products to the manufacturer and apply
44 to the Secretary for refund of the tax. The application must be in the form prescribed by the
45 Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit
46 from the manufacturer listing the tobacco products returned to the manufacturer by the applicant.
47 The Secretary must refund the tax paid, less the discount allowed, on the listed products.

48 "Subpart 4. Remote Sellers.

49 **"§ 105-113.38A. Remote seller requirements.**

50 A remote seller must do all of the following with respect to a remote sale:

1 information required by the Secretary. The report must be accompanied by payment of the full
2 amount of the tax.

3 (c) Shipping Report. – A person who transports, or causes to transport, tobacco products
4 upon the public highways, roads, or streets of this State must, upon notice from the Secretary,
5 file a report in a form prescribed by and containing the information required by the Secretary.

6 **"§ 105-113.39C. Bond or irrevocable letter of credit.**

7 The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount
8 that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes
9 due under this Part. A bond must be conditioned on compliance with this Part, payable to the
10 State, and in the form required by the Secretary. The amount of the bond is two times the
11 wholesale or retail dealer's average expected monthly tax liability under this Part, as determined
12 by the Secretary, provided the amount of the bond may not be less than two thousand dollars
13 (\$2,000) and may not be more than two million dollars (\$2,000,000). The Secretary should
14 periodically review the sufficiency of bonds required of dealers, increase the amount of a required
15 bond when the amount of the bond furnished no longer covers the anticipated tax liability of the
16 wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a
17 smaller bond amount will adequately protect the State from loss.

18 For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable
19 letter of credit for the secured bond required by this section. The letter of credit must be issued
20 by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The
21 letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with
22 this Part, and in the amounts stipulated in this section.

23 **"§ 105-113.39D. Use of tax proceeds.**

24 The Secretary must credit the net proceeds of the tax collected under this Part as follows:

25 (1) Six and four-tenths percent (6.4%) to the University Cancer Research Fund
26 established under G.S. 116-29.1.

27 (2) The remainder to the General Fund."

28 **SECTION 42.9.(h)** G.S. 116-29.1(b) reads as rewritten:

29 "(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer
30 Research Fund by the Secretary of Revenue from the tax on tobacco products other than
31 cigarettes pursuant to G.S. 105-113.40A-G.S. 105-113.39D are appropriated for this purpose."

32 **SECTION 42.9.(i)** This section becomes effective July 1, 2022, and applies to sales
33 or purchases occurring on or after that date. This section does not affect the rights or liabilities
34 of a taxpayer or another person arising under the law as it existed before the effective date of this
35 section, nor does it affect the right to any refund or credit of a tax that accrued under the law as
36 it existed before the effective date of this section.

37
38 **SALES TAX EXEMPTION FOR ALCOHOL BEVERAGE MANUFACTURING**

39 **SECTION 42.10A.(a)** G.S. 105-164.13 reads as rewritten:

40 **"§ 105-164.13. Retail sales and use tax.**

41 The sale at retail and the use, storage, or consumption in this State of the following items are
42 specifically exempted from the tax imposed by this Article:

43 ...

44 (5q) Sales of machinery, equipment, parts, and accessories to the following
45 permittees for use in the manufacture of the following items and supplies and
46 ingredients used or consumed by the permittee in the manufacturing process:

47 a. The holder of an unfortified winery permit for the manufacture of
48 unfortified wine, as authorized in G.S. 18B-1101.

49 b. The holder of a fortified winery permit for the manufacture of fortified
50 wine, as authorized in G.S. 18B-1102.

- 1 c. The holder of a brewer permit for the manufacture of malt beverages,
2 as authorized in G.S. 18B-1104.
3 d. The holder of a distillery permit for the manufacture of spirituous
4 liquor, as authorized in G.S. 18B-1105.

5 "

6 **SECTION 42.10A.(b)** This section is effective August 1, 2021, and applies to sales
7 made on or after that date.

9 **CCRC SALES TAX EXEMPTION AND FORGIVENESS**

10 **SECTION 42.10B.(a)** G.S. 105-164.13 reads as rewritten:

11 **"§ 105-164.13. Retail sales and use tax.**

12 The sale at retail and the use, storage, or consumption in this State of the following items are
13 specifically exempted from the tax imposed by this Article:

14 ...

15 (74) Items, other than alcoholic beverages, sold by a provider of continuing care to
16 its residents. The purchase of items exempt from tax under this subdivision by
17 a provider of continuing care is taxable and not subject to the exemption
18 provided in G.S. 105-164.13(61b). The terms "continuing care," "provider,"
19 and "resident" have the same meanings as defined in G.S. 58-64-1, and the
20 term "alcoholic beverage" has the same meaning as defined in
21 G.S. 105-113.68."

22 **SECTION 42.10B.(b)** Forgiveness of Certain Sales Tax Assessments. – The
23 Department of Revenue shall take no action to assess or collect from any person any sales and
24 use tax for sales occurring on or after February 1, 2015, with respect to the retail sale of taxable
25 items, other than alcoholic beverages, sold by a provider of continuing care to its residents.

26 The Secretary of Revenue shall reduce an assessment issued on or after February 1,
27 2015, against a provider of continuing care who requests relief for State and local sales and use
28 taxes imposed on taxable items sold to its residents, provided such assessment remains
29 appealable or is under appeal at the time the request for relief is made. The Secretary shall reduce
30 the sales and use taxes assessed to zero and waive all penalties that were imposed as part of the
31 assessment.

32 This subsection shall not provide any forgiveness of tax collected from a resident
33 which has not been refunded or credited to the resident.

34 **SECTION 42.10B.(c)** Refund of Certain Sales Tax Collections. – A retailer who is
35 a provider of continuing care that collected and remitted sales tax on the retail sale of taxable
36 items sold to its residents for sales occurring on or after February 1, 2015, may apply to the
37 Department of Revenue for a refund of the sales tax paid on the retail sale of taxable items, other
38 than alcoholic beverages, sold to its residents for sales occurring on or after February 1, 2015.
39 The amount of use tax due on the exempt items must be deducted from the refund amount. The
40 retailer must comply with the provisions of G.S. 105-164.11 to obtain a refund. A request for a
41 refund must be made on or before January 1, 2022. A request for refund received after that date
42 is barred.

43 **SECTION 42.10B.(d)** Definitions. – For purposes of this section, the terms
44 "alcoholic beverage," "continuing care," "provider," and "resident" have the same meanings as
45 defined in G.S. 105-164.13(74).

46 **SECTION 42.10B.(e)** Subsection (a) of this section becomes effective October 1,
47 2021, and applies to sales occurring on or after that date. The remainder of this section is effective
48 when it becomes law.

50 **GRADUATE LATE PAYMENT PENALTIES**

51 **SECTION 42.11.(a)** G.S. 105-236(a)(4) reads as rewritten:

"(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when due, without intent to evade the tax, the Secretary shall assess a penalty equal to ~~ten two percent (10%)-(2%)~~ of the tax amount of the tax if the failure is for not more than one month, with an additional two percent (2%) for each additional month, or fraction thereof, during which the failure continues, not exceeding ten percent (10%) in aggregate. This penalty does not apply in any of the following circumstances:

- a. When the amount of tax shown as due on an amended return is paid when the return is filed.
- b. When the Secretary proposes an assessment for tax due but not shown on a return and the tax due is paid within 45 days after the later of the following:
 1. The date of the notice of proposed assessment of the tax, if the taxpayer does not file a timely request for a Departmental review of the proposed assessment.
 2. The date the proposed assessment becomes collectible under one of the circumstances listed in G.S. 105-241.22(3) through (6), if the taxpayer files a timely request for a Departmental review of the proposed assessment.

...."

SECTION 42.11.(b) This section becomes effective July 1, 2022, and applies to tax assessed on or after that date.

PROPERTY TAX EXEMPTION FOR VACCINES

SECTION 42.12.(a) G.S. 105-275 reads as rewritten:

"§ 105-275. Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

...

~~(44a)~~ Vaccines.

...."

SECTION 42.12.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2022.

REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES

SECTION 42.13A.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra Credit grant program. This subdivision expires for taxable years beginning on or after January 1, ~~2021-2022.~~"

SECTION 42.13A.(b) G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

...

(17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the amount by which the taxpayer's interest expense deduction under section 163(j) of the Code exceeds the interest expense deduction that would have been allowed under the Internal Revenue Code as enacted as of January 1,

1 2020. An add-back under this subdivision is not required to the extent the
2 amount was required to be added back under another provision of this
3 subsection. The purpose of this subdivision is to decouple from the
4 modification of limitation on business interest allowed under section 2306 of
5 the CARES Act.

6 (17a) A taxpayer who made an addition under subdivision (17) of this subsection
7 may deduct twenty percent (20%) of the addition in each of the first five
8 taxable years beginning with tax year 2021.

9 "

10 **SECTION 42.13A.(c)** G.S. 105-153.9(a)(2) reads as rewritten:

11 "(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A,~~
12 ~~G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income
13 tax in another state or country shall be ascertained, and the North Carolina net
14 income tax before credit under this section shall be multiplied by that fraction.
15 The credit allowed is either the product thus calculated or the income tax
16 actually paid the other state or country, whichever is smaller."

17 **SECTION 42.13A.(d)** G.S. 105-163.7(b) reads as rewritten:

18 "(b) Informational Return to Secretary. – Every employer shall annually file an
19 informational return with the Secretary that contains the information given on each of the
20 employer's written statements to an employee. The Secretary may require additional information
21 to be included on the informational return, provided the Secretary has given a minimum of 90
22 days' notice of the additional information required. The informational return ~~is due on or before~~
23 ~~January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the
24 ~~Secretary. If Secretary and~~ is due on or before January 31 of the succeeding year or, if the
25 employer terminates its business ~~or permanently ceases paying wages during~~ before the close of
26 the calendar year, ~~the informational return must be filed within 30 days of the last payment of~~
27 ~~remuneration.~~ on or before the last day of the month following the end of the calendar quarter in
28 which the employer terminates its business, but no later than January 31 of the succeeding year.
29 The informational return required by this subsection is in lieu of the report required by
30 G.S. 105-154.

31 "

32 **SECTION 42.13A.(e)** G.S. 105-163.8 is amended by adding a new subsection to
33 read:

34 "(c) If a withholding agent fails to file a return and pay the tax due under this Article or
35 files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and
36 assess the withholding agent based on the estimate."

37 **SECTION 42.13A.(f)** G.S. 105-241.6(b)(5) reads as rewritten:

38 "(5) Contingent Event. – The period to request a refund of an overpayment may be
39 extended once as provided in this subdivision:

40 ...

41 b. Other Event. – If a taxpayer contends that an event has occurred that
42 prevents the taxpayer from filing an accurate and definite request for
43 a refund of an overpayment within the period under this section, the
44 taxpayer may submit a written request to the Secretary seeking an
45 extension of the statute of limitations. The taxpayer must file a written
46 request to the Secretary prior to expiration of the statute of limitations
47 under this section. The request must establish by clear, convincing
48 proof that the event is beyond the taxpayer's control and prevents the
49 taxpayer from timely filing an accurate and definite request for a
50 refund of an overpayment. The Secretary's decision on the request is
51 final and is not subject to administrative or judicial review. If the

1 Secretary agrees to the request, the period to file a request for a refund
2 of an overpayment is six months after the event concludes."

3 **SECTION 42.13A.(g)** G.S. 105-252.1 reads as rewritten:

4 "**§ 105-252.1. Use of a TTIN.**

5 A TTIN may not be used on any return, statement, or other document required to be filed
6 with or furnished to the Department unless specifically authorized ~~in this Chapter by the~~
7 Secretary."

8 **SECTION 42.13A.(h)** Section 1.2(a) of S.L. 2021-16 reads as rewritten:

9 "**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the
10 federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue
11 has automatically extended the State tax filing due date for individuals for the 2020 tax year from
12 April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an
13 individual income tax return, including a partnership and estate and trust tax return, or pay
14 individual income tax due if the return is filed and the tax due is paid by May 17, 2021.
15 Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May
16 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~return, including
17 a partnership and estate and trust tax return, due April 15, 2021."

18 **SECTION 42.13A.(i)** This section is effective when it becomes law.

19 **SECTION 42.13B.(a)** G.S. 105-83(d) reads as rewritten:

20 "(d) This section does not apply to ~~corporations liable for the tax levied under G.S.~~
21 ~~105-102.3 or to savings~~ the following:

22 (1) Banks. For purposes of this subdivision, the term "bank" has the same
23 meaning as defined in G.S. 105-130.7B(b).

24 (2) Savings and loan associations."

25 **SECTION 42.13B.(b)** G.S. 105-130.5(a) reads as rewritten:

26 "(a) The following additions to federal taxable income shall be made in determining State
27 net income:

28 ...

29 (31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the
30 amount by which the taxpayer's interest expense deduction under section
31 163(j) of the Code exceeds the interest expense deduction that would have
32 been allowed under the Internal Revenue Code as enacted as of January 1,
33 2020, as calculated on a separate entity basis. An add-back under this
34 subdivision is not required to the extent the amount was required to be added
35 back under another provision of this subsection. The purpose of this
36 subdivision is to decouple from the modification of limitation on business
37 interest allowed under section 2306 of the CARES Act.

38"

39 **SECTION 42.13B.(c)** G.S. 105-130.5(b) reads as rewritten:

40 "(b) The following deductions from federal taxable income shall be made in determining
41 State net income:

42 ...

43 (32) A taxpayer who made an addition under subdivision (a)(31) of this section
44 may deduct twenty percent (20%) of the addition that was not otherwise
45 disallowed by G.S. 105-130.7B in each of the first five taxable years
46 beginning tax year 2021."

47 **SECTION 42.13B.(d)** G.S. 105-130.7B(b)(4) reads as rewritten:

48 "(4) Qualified interest expense. – The amount of net interest expense paid or
49 accrued to a related member in a taxable year with the amount limited to the
50 taxpayer's proportionate share of interest paid or accrued to a person who is
51 not a related member during the same taxable year. This limitation does not

1 apply to interest paid or accrued to a related member if one or more of the
2 following applies:

3 ...

4 e. The proportionate amount of interest paid or accrued to a related
5 member that has already been disallowed by the application of section
6 163(j) of the Code."

7 **SECTION 42.13B.(e)** G.S. 105-130.8A(c) reads as rewritten:

8 "(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in
9 regulations adopted under sections 381 and 382 of the Code in determining the extent to which
10 a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January
11 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning
12 before January 1, 2015, and the standards of this section for taxable years beginning on or after
13 January 1, 2015."

14 **SECTION 42.13B.(f)** G.S. 105-251(a) reads as rewritten:

15 "(a) Scope of Information. – A taxpayer must give information to the Secretary when the
16 Secretary requests the information. The Secretary may request a taxpayer to provide only the
17 following kinds of information on a return, a report, or otherwise:

18 (1) Information that identifies the taxpayer.

19 (2) Information needed to determine the liability of the taxpayer for a tax.

20 (3) Information needed to determine whether an item is subject to a tax.

21 (4) Information that enables the Secretary to collect a tax.

22 (5) Financial or tax documentation required to determine the appropriate
23 adjustment under G.S. 105-130.5A. If such information is not timely provided
24 as required under G.S. 105-130.5A(a), the Secretary may propose any
25 adjustment allowable under Part 1 of Article 4 of this Chapter.

26 ~~(5)(6)~~ Other information the law requires a taxpayer to provide or the Secretary
27 needs to perform a duty a law requires the Secretary to perform."

28 **SECTION 42.13B.(g)** Subsection (a) of this section is effective when it becomes
29 law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d)
30 of this section is effective when it becomes law and applies retroactively for taxable years
31 beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section
32 is effective when it becomes law.

33 **SECTION 42.13C.(a)** G.S. 105-164.13E(a)(7) reads as rewritten:

34 "(7) Any of the following animals:

35 a. ~~Baby chicks and poults.~~ Fowl.

36 b. Livestock."

37 **SECTION 42.13C.(b)** G.S. 105-259(b) reads as rewritten:

38 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has
39 access to tax information in the course of service to or employment by the State may not disclose
40 the information to any other person except as provided in this subsection. Standards used or to
41 be used for the selection of returns for examination and data used or to be used for determining
42 the standards may not be disclosed for any purpose. All other tax information may be disclosed
43 only if the disclosure is made for one of the following purposes:

44 ...

45 ~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross~~
46 ~~receipts and piped natural gas tax revenues attributable to the city under~~
47 ~~G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and~~
48 ~~G.S. 105-120.~~

49"

1 **SECTION 42.13C.(c)** Subsection (a) of this section is effective retroactively to July
2 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the
3 remainder of this section is effective when it becomes law.

4 **SECTION 42.13D.(a)** G.S. 105-113.4B reads as rewritten:

5 **"§ 105-113.4B. Cancellation or revocation of license.**

6 ...

7 (a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily
8 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee
9 is incurring liability for the tax imposed under this Article after failing to pay a tax when due
10 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the
11 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the
12 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the
13 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the
14 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not
15 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing
16 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed
17 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in
18 writing within 10 days of the hearing. The final decision must state the basis for the decision.
19 The statement of the basis of a revocation does not limit the Department from changing the basis.

20 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that
21 commits one or more of the following acts after ~~holding a hearing on whether the license should~~
22 ~~be revoked:~~ affording the licensee an opportunity to have a hearing as provided in subsections
23 (a3) through (b2) of this section:

- 24 (1) Fails to obtain a license in a timely manner or for all places of business as
25 required by this Article.
- 26 (2) Willfully fails to file a return required by this Article.
- 27 (3) Willfully fails to pay a tax when due under this Article.
- 28 (4) Makes a false statement in an application or return required under this Article.
- 29 (5) Fails to keep records as required by this Article.
- 30 (6) Refuses to allow the Secretary or a representative of the Secretary to examine
31 the person's books, accounts, and records concerning tobacco product.
- 32 (7) Fails to disclose the correct amount of tobacco product taxable in this State.
- 33 (8) Fails to file a replacement bond or an additional bond if required by the
34 Secretary under this Article.
- 35 (9) Violates G.S. 14-401.18.
- 36 (10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

37 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
38 of proposed revocation that includes all of the following information:

- 39 (1) The basis for the proposed revocation. The statement of the basis for the
40 proposed revocation does not limit the Department from changing the basis.
- 41 (2) The effective date of the revocation, which must be one of the following:
 - 42 a. Forty-five days from the date of the notice of proposed revocation if
43 the licensee does not file a timely request for hearing.
 - 44 b. The tenth day after the date an adverse final decision is issued if the
45 adverse final decision is mailed.
 - 46 c. The date an adverse final decision is delivered if the adverse final
47 decision is delivered in person.
- 48 (3) The circumstances, if any, under which the Secretary will not revoke the
49 license.
- 50 (4) An explanation of how the licensee may contest the proposed revocation.

1 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
2 by filing a written hearing request within 45 days of the date the notice of proposed revocation
3 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
4 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
5 If the licensee does not file a timely hearing request, the license is revoked as provided in the
6 notice of proposed revocation and the revocation is final and not subject to further administrative
7 or judicial review.

8 ~~(b) Hearing Procedure. – The Secretary must send a person whose license is summarily~~
9 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~
10 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~
11 ~~license may be revoked after a hearing at least 10 days' written notice licensee who filed a timely~~
12 hearing request in accordance with subsection (a4) of this section at least 20 days' written notice
13 of the date, time, and place of the hearing. A notice of a summary license revocation and a notice
14 of hearing must be sent by certified mail to the last known address of the licensee. If the person
15 whose license may be revoked fails to attend the noticed hearing, the license revocation is
16 effective 15 days after the noticed hearing, unless the Department and the licensee agree
17 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary
18 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The
19 Department and the licensee may extend this time by mutual agreement. Failure to issue a final
20 decision within the required time does not affect the validity of the decision. The final decision
21 must state the basis for the decision and, if the final decision includes revocation of the license,
22 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this
23 section. The statement of the basis of a revocation does not limit the Department from changing
24 the basis.

25 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
26 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
27 notice by email or other electronic means if the licensee has consented to receiving notices via
28 electronic means.

29 (b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to
30 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.
31 If a license is unable to be returned, the revoked licensee must include a written statement of the
32 reasons, satisfactory to the Secretary, why the license cannot be returned.

33 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
34 has paid all taxes and penalties due under this Article, the Secretary must take one of the
35 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

- 36 (1) Return an irrevocable letter of credit to the licensee.
- 37 (2) Return a bond to the licensee or notify the person liable on the bond and the
38 licensee that the person is released from liability on the bond."

39 **SECTION 42.13D.(b)** Article 36B of Chapter 105 of the General Statutes is
40 amended by adding the following new section:

41 **"§ 105-449.47B. Revocation of license.**

42 (a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier
43 fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the
44 motor carrier an opportunity to have a hearing as provided in this section.

45 (b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
46 of proposed revocation that includes all of the following information:

- 47 (1) The basis for the proposed revocation. The statement of the basis for the
48 proposed revocation does not limit the Department from changing the basis.
- 49 (2) The effective date of the revocation, which must be one of the following:
 - 50 a. Forty-five days from the date of the notice of proposed revocation if
51 the licensee does not file a timely request for hearing.

1 b. The tenth day after the date an adverse final decision is issued if the
2 adverse final decision is mailed.
3 c. The date an adverse final decision is delivered if the adverse final
4 decision is delivered in person.

5 (3) The circumstances, if any, under which the Secretary will not revoke the
6 license.

7 (4) An explanation of how the licensee may contest the proposed revocation.

8 (c) Request for Hearing and Decision. – A licensee may contest a proposed revocation
9 by filing a written hearing request within 45 days of the date the notice of proposed revocation
10 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
11 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
12 If the licensee does not file a timely hearing request, the license is revoked as provided in the
13 notice of proposed revocation and the revocation is final and not subject to further administrative
14 or judicial review.

15 (d) Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing
16 request in accordance with subsection (c) of this section at least 20 days' written notice of the
17 date, time, and place of the hearing, unless the Department and the licensee agree to a shorter
18 period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a
19 final decision and notify the licensee in writing within 60 days of the hearing. The Department
20 and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision
21 within the required time does not affect the validity of the decision. The final decision must state
22 the basis for the decision and, if the final decision includes revocation of a license or a decal, the
23 effective date of the revocation in accordance with subdivision (b)(2) of this section. The
24 statement of the basis of the revocation does not limit the Department from changing the basis.

25 (e) Delivery of Notice. – The Secretary must deliver a notice in accordance with
26 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
27 notice by email or other electronic means if the licensee has consented to receiving notices via
28 electronic means.

29 (f) Return of Credentials. – If the license is revoked, the former licensee shall return to
30 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals
31 previously issued. If the licenses or decals are not returned, the credentials are subject to seizure
32 or removal from the motor vehicle or defacement. If a license or decal is unable to be returned,
33 the licensee must include a written statement of the reasons, satisfactory to the Secretary, why
34 the license or decal cannot be returned."

35 **SECTION 42.13D.(c) G.S. 105-449.76 reads as rewritten:**

36 **"§ 105-449.76. Cancellation or revocation of license.**

37 (a) Cancellation. – The Secretary may cancel a license issued under this Article upon the
38 written request of the licensee. The licensee's request must include a proposed effective date of
39 cancellation and must return the license to the Secretary on or before the proposed effective date.
40 If the licensee's request does not include a proposed effective date of cancellation, the license is
41 cancelled 15 days after the Department receives the written request. If the license is unable to be
42 returned, the licensee must include a written statement of the reasons, satisfactory to the
43 Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the
44 license is cancelled.

45 ~~(a1) Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily
46 revoke a license issued under this Article when the Secretary finds-determines that the licensee
47 is incurring liability for the tax imposed under this Article after failing to pay a tax when due
48 under this Article. In addition, the-The Secretary must send a revoked licensee a notice of the
49 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the
50 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the
51 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the

1 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not
2 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing
3 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed
4 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in
5 writing within 10 days of the hearing. The final decision must state the basis for the decision.
6 The statement of the basis of a revocation does not limit the Department from changing the basis.

7 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that
8 commits one or more of the acts listed in G.S. 105-449.120 after holding a hearing on whether
9 the license should be revoked, affording the licensee an opportunity to have a hearing as provided
10 in subsections (a3) through (b2) of this section.

11 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
12 of proposed revocation that includes all of the following information:

13 (1) The basis for the proposed revocation. The statement of the basis for the
14 proposed revocation does not limit the Department from changing the basis.

15 (2) The effective date of the revocation, which must be one of the following:

16 a. Forty-five days from the date of the notice of proposed revocation if
17 the licensee does not file a timely request for hearing.

18 b. The tenth day after the date an adverse final decision is issued if the
19 adverse final decision is mailed.

20 c. The date an adverse final decision is delivered if the adverse final
21 decision is delivered in person.

22 (3) The circumstances, if any, under which the Secretary will not revoke the
23 license.

24 (4) An explanation of how the licensee may contest the proposed revocation.

25 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
26 by filing a written hearing request within 45 days of the date the notice of proposed revocation
27 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
28 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
29 If the licensee does not file a timely hearing request, the license is revoked as provided in the
30 notice of proposed revocation and the revocation is final and not subject to further administrative
31 or judicial review.

32 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily
33 revoked a notice of the revocation and must give the person an opportunity to have a hearing on
34 the revocation within 10 days after the revocation. The Secretary must give a person whose
35 license may be revoked after a hearing at least 10 give a licensee who filed a timely hearing
36 request in accordance with subsection (a4) of this section at least 20 days' written notice of the
37 date, time, and place of the hearing. A notice of a summary license revocation and a notice of
38 hearing must be sent by certified mail to the last known address of the licensee. If the person
39 whose license may be revoked fails to attend the noticed hearing, the license revocation is
40 effective 15 days after the noticed hearing, unless the Department and the licensee agree
41 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary
42 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The
43 Department and the licensee may extend this time by mutual agreement. Failure to issue a final
44 decision within the required time does not affect the validity of the decision. The final decision
45 must state the basis for the decision and, if the final decision includes revocation of the license,
46 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this
47 section. The statement of the basis of a revocation does not limit the Department from changing
48 the basis.

49 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
50 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give

1 notice by email or other electronic means if the licensee has consented to receiving notices via
2 electronic means.

3 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to
4 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals
5 previously issued. If a license or decal is unable to be returned, the licensee must include a written
6 statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be
7 returned.

8 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
9 has paid all taxes and penalties due under this Article, the Secretary must take one of the
10 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

11 (1) Return an irrevocable letter of credit to the licensee.

12 (2) Return a bond to the licensee or notify the person liable on the bond and the
13 licensee that the person is released from liability on the bond."

14 **SECTION 42.13D.(d)** G.S. 119-19 reads as rewritten:

15 "**§ 119-19. Authority of Secretary to cancel or revoke a license.**

16 (a) ~~Reasons. Cancellation.~~ – The Secretary of Revenue may cancel a license issued under
17 this Article upon the written request of the licensee. The licensee's request must include a
18 proposed effective date of the cancellation and must return the license to the Secretary on or
19 before the proposed effective date. If the licensee's request does not include a proposed effective
20 date of cancellation, the license is cancelled 15 days after the Department receives the written
21 request. If the license is unable to be returned, the licensee must include a written statement of
22 the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must
23 notify the licensee when the license is cancelled.

24 (a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a
25 license issued under this Article or under Article 36C or 36D of Chapter 105 of the General
26 Statutes this Chapter when the Secretary finds-determines that the licensee is incurring liability
27 for the tax imposed by this Article after failing to pay a tax when due under this Article. The
28 Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The
29 hearing must be held within 10 days after the date of the notice of revocation unless the revoked
30 licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of
31 a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice
32 of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice
33 of hearing under this subsection must be in writing and indicate the date, time, and place of the
34 hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue
35 a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final
36 decision must state the basis for the decision. The statement of the basis of a revocation does not
37 limit the Department from changing the basis.

38 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who
39 files a false report under this Article or fails to file a report required under this Article after
40 holding a hearing on whether the license should be revoked, affording the licensee an opportunity
41 to have a hearing as provided in subsections (a3) through (b2) of this section.

42 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
43 of proposed revocation that includes all of the following information:

44 (1) The basis for the proposed revocation. The statement of the basis for the
45 proposed revocation does not limit the Department from changing the basis.

46 (2) The effective date of the revocation, which must be one of the following:

47 a. Forty-five days from the date of the notice of proposed revocation if
48 the licensee does not file a timely request for hearing.

49 b. The tenth day after the date an adverse final decision is issued if the
50 adverse final decision is mailed.

1 c. The date an adverse final decision is delivered if the adverse final
2 decision is delivered in person.

3 (3) The circumstances, if any, under which the Secretary will not revoke the
4 license.

5 (4) An explanation of how the licensee may contest the proposed revocation.

6 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
7 by filing a written hearing request within 45 days of the date the notice of proposed revocation
8 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
9 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
10 If the licensee does not file a timely hearing request, the license is revoked as provided in the
11 notice of proposed revocation and the revocation is final and not subject to further administrative
12 or judicial review.

13 (b) ~~Hearing Procedure. – The Secretary must send a person whose license is summarily~~
14 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~
15 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~
16 ~~license may be revoked after a hearing give a licensee who filed a timely hearing request in~~
17 ~~accordance with subsection (a4) of this section at least 10-20 days' written notice of the date,~~
18 ~~time, and place of the hearing. A notice of a summary license revocation and a notice of hearing~~
19 ~~must be sent by certified mail to the last known address of the licensee hearing, unless the~~
20 ~~Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed~~
21 ~~by the Secretary. The Secretary must issue a final decision and notify the licensee in writing~~
22 ~~within 60 days of the hearing. The Department and the licensee may extend this time by mutual~~
23 ~~agreement. Failure to issue a final decision within the required time does not affect the validity~~
24 ~~of the decision. The final decision must state the basis for the decision and, if the final decision~~
25 ~~includes revocation of the license, the effective date of the revocation in accordance with~~
26 ~~subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does~~
27 ~~not limit the Department from changing the basis.~~

28 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
29 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
30 notice by email or other electronic means if the licensee has consented to receiving notices via
31 electronic means.

32 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to
33 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.
34 If a license is unable to be returned, the licensee must include a written statement of the reasons,
35 satisfactory to the Secretary, why the license cannot be returned.

36 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
37 has paid all taxes and penalties due under this Article, the Secretary must either return to the
38 licensee the bond filed by the licensee or notify the person liable on the bond and the licensee
39 that the person is released from liability on the bond."

40 **SECTION 42.13D.(e)** This section becomes effective January 1, 2022, and applies
41 to summary revocations and non-summary revocations initiated by the Department on or after
42 that date.

43 **SECTION 42.13E.(a)** G.S. 105-113.8 is recodified as G.S. 105-113.4H.

44 **SECTION 42.13E.(b)** G.S. 105-113.11 is recodified as G.S. 105-113.4I.

45 **SECTION 42.13E.(c)** G.S. 105-113.4I, as recodified by subsection (b) of this
46 section, reads as rewritten:

47 **"§ 105-113.4I. Licenses required.**

48 ~~After the effective date of this Article, no A person shall may not engage in business as a~~
49 ~~distributor distributor, wholesale dealer, or retail dealer in this State, without having first obtained~~
50 ~~from the Secretary the appropriate license for that purpose as prescribed herein. Any in this~~

1 Article. A license required by this Article shall be is in addition to any and all other licenses
2 which that may be required by law."

3 **SECTION 42.13E.(d)** G.S. 105-113.29 is recodified as G.S. 105-113.4J.

4 **SECTION 42.13E.(e)** G.S. 105-113.4J, as recodified by subsection (d) of this
5 section, reads as rewritten:

6 "**§ 105-113.4J. Unlicensed place of business.**

7 It is unlawful for a person to maintain a place of business within this State required by this
8 Article to be licensed to engage in the business of selling, offering for sale, or possessing with
9 the intent to sell ~~cigarettes or other tobacco products~~ without first obtaining ~~the licenses all~~
10 licenses required by this Article."

11 **SECTION 42.13E.(f)** G.S. 105-113.33 is recodified as G.S. 105-113.4K.

12 **SECTION 42.13E.(g)** G.S. 105-113.83 reads as rewritten:

13 "**§ 105-113.83. Payment of excise taxes.**

14 ...

15 (b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under
16 G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler
17 or importer who first handles the beverages in this State. ~~The excise taxes levied under~~
18 ~~G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to~~
19 ~~G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and
20 wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on
21 or before the 15th day of the month following the month in which the beverage is first sold or
22 otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on
23 wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports
24 on forms provided by the Secretary detailing sales records for the month for which the taxes are
25 paid. The report must indicate the amount of excise tax due, contain the information required by
26 the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A~~
27 ~~wine shipper permittee shall submit verified reports once a year on forms provided by the~~
28 ~~Secretary detailing sales records for the year the taxes are paid. The verified report is due on or~~
29 ~~before the fifteenth day of the first month of the following calendar year.~~

30 (b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the
31 tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

32 (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102,
33 or 18B-1104.

34 (2) The brewery or winery transfers malt beverages or wine to a wholesaler
35 permitted under G.S. 18B-1107 or G.S. 18B-1109.

36 (3) The wholesaler agrees in writing to be responsible for the tax due on the
37 transferred malt beverages or wine.

38 (4) The brewery or winery files a report when the tax would otherwise be due
39 reporting the transfer of malt beverages or wine to the wholesaler.

40 (b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as
41 provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or
42 wine is liable for any tax due under this section.

43 (b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied
44 under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to
45 G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms
46 provided by the Secretary detailing sales records for the year taxes are paid. The verified report
47 is due on or before the fifteenth day of the first month of the following calendar year.

48"

49 **SECTION 42.13E.(h)** G.S. 105-113.86 reads as rewritten:

50 "**§ 105-113.86. Bond or irrevocable letter of credit.**

1 (a) Wholesalers and Importers. – ~~A~~The Secretary may require a wholesaler or importer
2 ~~must file with the Secretary to furnish~~ a bond in an amount ~~of that adequately protects the State~~
3 ~~from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the~~
4 ~~bond shall not be less than five thousand dollars (\$5,000). The amount of the bond must be~~
5 ~~proportionate to the anticipated tax liability of the wholesaler or importer.~~

6 (a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount
7 that adequately protects the State from a distillery's failure to pay taxes under this Article. The
8 amount of the bond shall not be less than two thousand dollars (\$2,000).

9 (a2) Periodic Review. – The Secretary should periodically review the sufficiency of the
10 bonds required under this section. The Secretary may increase the proportionate amount required,
11 not to exceed fifty thousand dollars (\$50,000), if the bond furnished no longer covers the
12 taxpayer's anticipated tax liability. The Secretary may decrease the proportionate amount
13 required when the Secretary determines that a smaller bond amount will adequately protect the
14 State from loss. The bond must be conditioned on compliance with this Article, payable to the
15 State, in a form acceptable to the Secretary, and secured by a corporate surety.

16 (b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor
17 ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The
18 bond must be conditioned on compliance with this Article, payable to the State in a form
19 acceptable to the Secretary, and secured by a corporate surety.

20 (c) Letter of Credit. – For purposes of this section, a wholesaler or importer or importer,
21 a nonresident vendor vendor, or a distillery may substitute an irrevocable letter of credit for the
22 secured bond required by this section. The letter of credit must be issued by a commercial bank
23 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must
24 be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in
25 the amounts stipulated in this section."

26 **SECTION 42.13E.(i)** G.S. 105-236(a)(2) reads as rewritten:

27 "(2) Failure to Obtain a License. – For failure to obtain a license before engaging
28 in a business, trade or profession for which a license is required, the Secretary
29 shall assess a penalty equal to five percent (5%) of the amount prescribed for
30 the license per month or fraction thereof until paid, not to exceed twenty-five
31 percent (25%) of the amount so prescribed, but in any event shall not be less
32 than five dollars (\$5.00). In cases in which the taxpayer, after written
33 notification by the Department, fails to obtain a license as required under
34 G.S. 105-449.65—G.S. 105-113.4I, 105-449.65, or G.S. 105-449.131,
35 105-449.131, the Secretary may assess a penalty of one thousand dollars
36 (\$1,000)."

37 **SECTION 42.13E.(j)** G.S. 105-449.45 reads as rewritten:

38 **"§ 105-449.45. Returns of carriers.**

39 ...
40 (d) ~~Penalties.~~Failure to File Return. – A motor carrier that fails to file a return under this
41 section by the required date is subject to a penalty of fifty dollars (\$50.00).

42 (d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is
43 subject to a penalty of fifty dollars (\$50.00), or ten percent (10%) of the tax due, whichever is
44 greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance
45 with G.S. 105-236(a)(4)a. or b.

46 (d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under
47 G.S. 105-449.119.

48"

49 **SECTION 42.13E.(k)** G.S. 105-449.60 reads as rewritten:

50 **"§ 105-449.60. Definitions.**

51 The following definitions apply in this Article:

- 1 ...
- 2 (20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society
- 3 Testing Materials Specification D 4806, "Standard Specification for
- 4 Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive
- 5 Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced,
- 6 denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.
- 7 (21) Gasohol. – A blended fuel composed of gasoline and fuel grade
- 8 ethanol, alcohol or gasoline and ethanol.

9"

10 **SECTION 42.13E.(I)** G.S. 105-449.115 reads as rewritten:

11 **"§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car**

12 **or transport truck.**

13 ...

14 (d) Duties of Transporter. – A person to whom a shipping document was issued must do

15 all of the following:

- 16 (1) Carry the shipping document in the conveyance for which it was issued when
- 17 transporting the motor fuel described in it.
- 18 (2) Show the shipping document to a law enforcement officer upon request when
- 19 transporting the motor fuel described in it.
- 20 (2a) Maintain a copy of the shipping document at a centralized place of business
- 21 for at least three years from the date of delivery.
- 22 (3) Deliver motor fuel described in the shipping document to the destination state
- 23 printed-designated on it unless the ~~person-person~~, in a manner prescribed by
- 24 the Secretary, does all of the following:

- 25 a. ~~Notifies the Secretary, in a manner designated by the Secretary,~~
- 26 Secretary before transporting the motor fuel into a state other than the
- 27 ~~printed-destination state that the person has received instructions since~~
- 28 ~~the shipping document was issued to deliver the motor fuel to a~~
- 29 ~~different destination state-designated on the shipping document.~~
- 30 b. ~~Receives from the Secretary, in a manner designated by the Secretary,~~
- 31 Secretary a confirmation number authorizing the ~~diversion-shipment~~
- 32 of motor fuel to a state other than the state designated on the shipping
- 33 document.
- 34 c. ~~Writes-Contemporaneously notes~~ on the shipping document the
- 35 change in destination state and the confirmation number ~~for the~~
- 36 ~~diversion-received from the Secretary.~~

- 37 (4) ~~Give-Upon delivery, provide~~ a copy of the shipping document to the
- 38 ~~distributor or other person to whom the motor fuel is delivered.~~

39 (e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by

40 railroad tank car or transport truck may ~~not-only~~ accept delivery of the motor fuel if the

41 destination state shown on the shipping document for the motor fuel is ~~a state other than North~~

42 ~~Carolina. To determine if the shipping document shows North Carolina as the destination state,~~

43 ~~the person to whom the fuel is delivered must examine the shipping document and must keep a~~

44 ~~copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance

45 with subdivision (3) of subsection (d) of this section. The person must ~~keep-maintain~~ a copy of

46 the shipping document for at least three years from the date of delivery and must maintain a copy

47 of the shipping document at the place of business where the motor fuel was delivered for 90 days

48 from the date of ~~delivery and must keep it at that place or another place for at least three years~~

49 ~~from the date of delivery.~~ A person who accepts delivery of motor fuel in violation of this

50 subsection is jointly and severally liable for any tax due on the fuel.

51"

1 **SECTION 42.13E.(m)** G.S. 105-449.115A reads as rewritten:

2 "**§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

3 ...

4 (b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping
5 document was issued must do all of the following:

6 (1) Carry the invoice, bill of sale, or shipping document in the conveyance for
7 which it is issued when transporting the motor fuel described in it.

8 (2) Show the invoice, bill of sale, or shipping document upon request when
9 transporting the motor fuel described in it.

10 (3) ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a
11 centralized place of business for at least three years from the date of delivery.

12 (4) Deliver motor fuel described in the shipping document to the state designated
13 on it unless the person, in a manner prescribed by the Secretary, does all of
14 the following:

15 a. Notifies the Secretary before transporting the motor fuel into a state
16 other than the state designated on the shipping document.

17 b. Receives from the Secretary a confirmation number authorizing the
18 shipment of motor fuel to a state other than the state designated on the
19 shipping document.

20 c. Contemporaneously notes on the shipping document the change in
21 destination state and the confirmation number received from the
22 Secretary.

23 (5) Upon delivery, provide a copy of the shipping document to the person to
24 whom the motor fuel is delivered.

25 **(b1) Duties of Person Receiving Shipment.** – A person to whom motor fuel is delivered by
26 tank wagon may only accept delivery of the motor fuel if the destination state shown on the
27 shipping document for the motor fuel is North Carolina or has been changed to North Carolina
28 in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a
29 copy of the shipping document for at least three years from the date of delivery and must maintain
30 a copy of the shipping document at the place of business where the motor fuel was delivered for
31 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of
32 this subsection is jointly and severally liable for any tax due on the fuel.

33 "

34 **SECTION 42.13E.(n)** G.S. 105-449.123 reads as rewritten:

35 "**§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

36 (a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both
37 dyed and undyed motor fuel for use by that person or another person must mark the storage
38 facility for the dyed motor fuel as ~~follows provided in this subsection and~~ in a manner that clearly
39 indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be
40 marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene,
41 Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel
42 is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the~~
43 ~~storage facility as required by this section is subject to a civil penalty equal to the excise tax at~~
44 ~~the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the~~
45 ~~inventory cannot be determined, then the penalty is calculated on the capacity of the storage~~
46 ~~tank.~~ The marking requirements are:

47 (1) The storage tank of the storage facility must be marked if the storage tank is
48 visible.

49 (2) The fillcap or spill containment box of the storage facility must be marked.

50 (3) The dispensing device that serves the storage facility must be marked.

(4) The retail pump or dispensing device at any level of the distribution system must comply with the marking requirements.

(a1) Penalty. – A person who fails to mark the storage facility as required by subsection (a) of this section is subject to a civil penalty of two hundred fifty dollars (\$250.00). Each inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

(b) Exception. – The marking requirements of this section do not apply to a storage facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1) and is installed in a manner that makes use of the fuel for any other purpose improbable."

SECTION 42.13E.(o) Subsections (i) and (n) of this section become effective January 1, 2022, and apply to penalties assessed on or after that date. Subsections (k), (l), and (m) of this section become effective January 1, 2022. Except as otherwise provided, the remainder of this section is effective when it becomes law.

SECTION 42.13F.(a) G.S. 105-278(a) reads as rewritten:

"(a) Real property designated as a historic property by a local ordinance adopted pursuant to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%) of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

SECTION 42.13F.(b) This section is effective retroactively to June 19, 2020.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The North Carolina House of Representatives Appropriations Committee Report on the Current Operations Appropriations Act for Senate Bill 105, Proposed House Committee Substitute, dated August 10, 2021, which was distributed in the House and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 43.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 43.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

1 **SECTION 43.2.(d)** Notwithstanding subsection (a) of this section, the following
2 portions of the Committee Report are for reference and do not expand, limit, or define the text of
3 the Committee Report:

- 4 (1) Summary pages setting forth the enacted budget, the legislative changes, the
5 revised budget, and the related FTE information for a particular budget code
6 and containing no other substantive information.
7 (2) Summary pages setting forth the enacted budget, the legislative changes, the
8 revised budget, and the related FTE information for multiple fund codes
9 within a single budget code and containing no other substantive information.

10
11 **REPORT BY FISCAL RESEARCH DIVISION**

12 **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions
13 taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a
14 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.
15 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
16 this section to the Director of the Budget. The report shall be published on the General
17 Assembly's internet website for public access.

18
19 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

20 **SECTION 43.4.** Except where expressly repealed or amended by this act, the
21 provisions of any legislation enacted during the 2021 Regular Session of the General Assembly
22 affecting the State budget shall remain in effect.

23
24 **MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM**

25 **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate
26 an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this
27 act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal
28 biennium.

29
30 **EFFECT OF HEADINGS**

31 **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand, limit, or define
33 the text of this act, except for effective dates referring to a Part or Subpart.

34
35 **SEVERABILITY CLAUSE**

36 **SECTION 43.7.** If any section or provision of this act is declared unconstitutional
37 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
38 the part so declared to be unconstitutional or invalid.

39
40 **EFFECTIVE DATE**

41 **SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1,
42 2021.